CHIPS for America: How to Complete the Full Application for the Small-Scale Supplier NOFO

May 6th, 2024
Today’s CHIPS Program Office Speakers

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Opportunity and Inclusion Division
Congratulations

Welcome to the Full Application Phase of the Small-Scale Supplier NOFO
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
  • Access additional resources for applicants and stakeholders
  • Sign up for email updates
  • Register for future webinars
1. CHIPS for America Vision (5 mins)
2. Application Process (10 mins)
3. Contents of the Full Application (10 mins)
4. What Makes a Good Full Application (20 mins)
5. Next Steps and Additional Resources (10 mins)

By the end, attendees should better understand
- How to submit a Full Application
- Attributes of a strong Full Application
- What to expect moving forward
- Additional resources available
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.
CHIPS for America Vision

**Economic Security**
The CHIPS Act will strengthen supply chain security and increase economic resilience in critical sectors.

**National Security**
The CHIPS Act will ensure that the U.S. can manufacture advanced technologies, including secure chips for the U.S. military.

**Future Innovation**
The CHIPS Act will spur innovation, increase competitiveness, and ensure long-term U.S. leadership in the sector.
Vision For Success – Supply Chain

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...
This Funding Opportunity

September 29, 2023
Funding Opportunity
(Released)
For smaller semiconductor materials and equipment facility projects under $300M

February 1, 2024
Concept Plan Submissions
(Due)

April 26, 2024
Full Application Submission Portal
(Opens)

Focus of today’s webinar

July 1, 2024
Full Application Submissions
(Due at 5pm EST)
## Funding Allocation

<table>
<thead>
<tr>
<th>Funding Instruments</th>
<th>Total Funding</th>
<th>Funding by Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Funding</td>
<td>Up to $500 million available in direct funding</td>
<td>Direct funding expected to be 10% of project capital expenditures*</td>
</tr>
</tbody>
</table>

*In rare cases, applicants may receive an award of either 20% or 30%.*
Concept Plan Submissions Were Competitive

165 Concept Plans represented $13.5 billion in project costs

53 Selected Concept Plans represented $6 billion in project costs
## Small-Scale Supplier NOFO Application Process

<table>
<thead>
<tr>
<th>Phase</th>
<th>Purpose</th>
<th>Submission Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Concept Plan</td>
<td>Individual merit assessment of eligible, complete, and responsive concept plans. Once scored, a subset of submissions will be invited to the full application phase.</td>
<td>Accepted between December 1, 2023, and February 1, 2024.</td>
</tr>
<tr>
<td>2 Full Application</td>
<td>Full review for eligibility and completeness, comprehensive merit review based on evaluation criteria, and application of one or more of selection factors used to determine whether to recommend an application for award.</td>
<td>Accepted until 5pm EST on July 1st, 2024.</td>
</tr>
<tr>
<td>3 Due Diligence</td>
<td>Conduct due diligence on applications that have been selected through the merit assessment. DD may include a review of national security risks, financial and commercial information, environmental impacts, and other issues.</td>
<td></td>
</tr>
<tr>
<td>4 Award Preparation and Issuance</td>
<td>Application approval, modification, or rejection by selecting official. Award decisions are final and may not be appealed.</td>
<td></td>
</tr>
</tbody>
</table>
Applicant Engagement Prior to Submission

Prior to submission deadline on July 1st, applicants can expect the following engagement with CPO:

- **Overview of Full Application Webinar** *(Current Session)*

- **Financial Modeling Webinar** *(Upcoming in Mid-May)*

- **Individual Meetings CPO Deal Team** *(1 Hour in May)*

- **Full Application Office Hours** *(Upcoming in June)*
# Full Application Submission Overview

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A  Cover Page and Applicant Profile</td>
<td>Organization information, point of contact, SAM.gov registration status</td>
</tr>
<tr>
<td>B  Sources and Uses of Funds</td>
<td>Project costs and capital sources</td>
</tr>
<tr>
<td>C  Project Information</td>
<td>Detailed project description</td>
</tr>
<tr>
<td>D  Full Application Uploads</td>
<td>Full Application descriptive narratives and attachments</td>
</tr>
<tr>
<td>E  Eligibility Questions</td>
<td>Questions based on eligibility requirements meant to ensure applicants have met the requirements within their application materials</td>
</tr>
</tbody>
</table>

### For Consortium Applicants
- **Consortium Narrative**
- **Full Application Narrative**
- **Environmental Questionnaire***
- **Covered Incentive Letter***
- **Audited Financial Statements***
- **Letters of Commitment (Workforce)***
- **Supplemental (Optional) Uploads**
- **Financial Model***
- **Standard Forms**

*New to Full Application
### Eligibility Requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Where to Satisfy in Application</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Covered Entity</strong></td>
<td>Applicant Profile</td>
</tr>
<tr>
<td>Private entity or part of consortia of private and public entities</td>
<td></td>
</tr>
<tr>
<td><strong>Incentivization</strong></td>
<td>Full Application Narrative</td>
</tr>
<tr>
<td>Describe how CHIPS funding incentivizes applicant to make investments</td>
<td></td>
</tr>
<tr>
<td><strong>Eligible Facility</strong></td>
<td>Project Information</td>
</tr>
<tr>
<td>Facility is for semiconductor materials or manufacturing equipment</td>
<td></td>
</tr>
<tr>
<td><strong>Covered Incentive</strong></td>
<td>Attachment to Full Application Narrative</td>
</tr>
<tr>
<td>Letter from a state or local government entity offering a qualifying covered incentive</td>
<td></td>
</tr>
<tr>
<td><strong>Workforce Strategy</strong></td>
<td>Full Application Narrative</td>
</tr>
<tr>
<td>Document workforce needs and strategy to meet needs and commitments</td>
<td></td>
</tr>
<tr>
<td><strong>Worker and Community Investments</strong></td>
<td>Full Application Narrative</td>
</tr>
<tr>
<td>Describe commitments through paid training and education benefits</td>
<td></td>
</tr>
<tr>
<td><strong>Education and Training Commitments</strong></td>
<td>Attachment to Full Application Narrative</td>
</tr>
<tr>
<td>Attach letters of commitment from education and training entities</td>
<td></td>
</tr>
<tr>
<td><strong>Plan to Sustain Facility</strong></td>
<td>Full Application Narrative</td>
</tr>
<tr>
<td>Describe “executable plan” to sustain facility without additional CHIPS funding</td>
<td></td>
</tr>
<tr>
<td><strong>Plan for Supply Chain Security</strong></td>
<td>Full Application Narrative</td>
</tr>
<tr>
<td>Describe “executable plan” to identify and mitigate relevant semiconductor supply chain security risks</td>
<td></td>
</tr>
</tbody>
</table>

The ‘Eligibility Questions’ section in the application web form allows applicants to affirm where / how they have met key requirements in their application.
How do I satisfy the covered incentive requirement for the Full Application?

- Each applicant must provide a letter from a state or local government entity offering a qualifying covered incentive, indicating the estimated size and nature of the incentive. The offer of a covered incentive may be contingent; if so, any contingencies need to clearly be specified in the letter.

- Prior to receiving a CHIPS Incentives Award, the applicant may be required to provide additional information demonstrating to the Department’s satisfaction that the covered incentive has been or will be received.

- For consortium members, this requirement may be satisfied by one letter that names and offers an incentive to all eligible facilities in the consortium being proposed for construction, expansion, or modernization. The Department will also accept multiple letters. See more information in Sections I.B.5 (“Are there any benefits to applying as part of a consortium?”) and IV.H.3 (“Covered Incentive”) of the Small-Scale Supplier NOFO.
What Makes a Strong Full Application
Evaluation Criteria

- Economic and National Security Objectives
- Commercial Strategy
- Financial Strength
- Justification for CHIPS Incentives Request
- Project Technical Feasibility
- Workforce and Community Investment
Evaluation Criterion #1

Economic Security

Seeking projects that
• Support vibrant U.S. clusters
• Strengthen supply chain resilience
• Advance U.S. technology leadership

If in a consortium,
• Have a strong strategic vision
• Is a core element to the strategic vision

U.S. Clusters
• Advance clusters by closing critical gaps
• Provide letters of support from fabs showing significance of project
• Demonstrate consortium participates in broader cluster

Supply Chain Resilience
• Reduce chokepoint risks
• Reduce risks of production disruptions

U.S. Technology Leadership
• Reinforce existing supply chain strengths
• Develop new and innovative capabilities
• Demonstrate large-scale footprints established by non-U.S. supplier
### Evaluation Criterion #1

## National Security

**Seeking projects that**
- Address national security considerations, including
  - National security ecosystem
  - Supply chain resilience
  - Cyber and operational security

<table>
<thead>
<tr>
<th>National Security Ecosystem</th>
<th>Supply Chain Resilience</th>
<th>Cyber and Operational Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Support national security programs and platforms</td>
<td>• Address corporate approach to manage risk</td>
<td>• Identify major cyber risks</td>
</tr>
<tr>
<td>• Identify customers in defense industrial base</td>
<td>• List relationships with suppliers incl. foreign links</td>
<td>• Protect intellectual property</td>
</tr>
<tr>
<td>• List government points-of-contact who can validate project</td>
<td>• Show operation without U.S. resources</td>
<td>• Mitigate risks of insider threats, external influence, and espionage</td>
</tr>
<tr>
<td></td>
<td>• Protect physical infrastructure and supplier ecosystem</td>
<td>• Detail efforts to assess and protect data</td>
</tr>
</tbody>
</table>
#### Evaluation Criterion #2

## Commercial Strategy

**Seeking projects that**

- Present a reasonable market environment
- Demonstrate there is demand for the project’s output
- Serve the semiconductor industry

<table>
<thead>
<tr>
<th>End-market Demand</th>
<th>Customer Commitments</th>
<th>Market Position</th>
</tr>
</thead>
</table>
| • Provide detailed information on end market industries  
  • Demonstrate strong projected growth  
  • Demonstrate project attracts more private capital | • Identify top customers or categories of customers  
  • Provide offtake agreements or other pre-purchase commitments | • Assess key competitors  
  • Demonstrate competitive positioning  
  • Outline supply and demand dynamics  
  • Assess pricing trends and pricing pressure |
Evaluation Criterion #3

Financial Strength

Seeking projects that
• Demonstrate financial strength, which includes
  • Comprehensive and reasonable projected capital expenditures
  • Likelihood that the project will generate sustainable earnings
  • Degree to which the applicant has committed private investment and/or attracted third-party investment

Projected Capital Expenditures
• Provide capital investment broken down by category
• Estimate operating losses and cash outflows until breakeven
• Provide workforce development costs

Projected Capital Expenditures
• Provide detailed model with expected revenues, costs, and cash flows
• Demonstrate strong evidence for key assumptions underlying projections

Projected Capital Expenditures
• Demonstrate maximum use of private sector contributions
• Show use of state and local incentives
• If applicable, show use of Investment Tax Credit
Evaluation Criterion #4

Justification for CHIPS Incentives Request

Seeking projects that
• Demonstrate that incentives request is necessary to make the project viable in the U.S.

Note: The CHIPS Incentives request is generally expected to be 10 percent of capital expenditures. Applicants may only request exactly 10, 20, or 30 percent of capital expenditures.

Incentives Justification
• Show how CHIPS funding will incentivize applicant to make investments that would not occur without funding
• Describe specific efforts to date to bring in debt, state and local incentives, and other private capital

Requests for >10% of CAPEX
• Demonstrate clear advancement of economic and national security objectives
• Provide evidence that additional amount is necessary to achieve commercial viability
• Explain how application intends to fill funding gap if issued award of only 10 percent
# Evaluation Criterion #5

## Project Technical Feasibility

Seeking projects that

- Show the applicant and key partners are experienced to complete and operate the project
- Provide a strong operation management plan
- Demonstrate a viable construction plan and schedule
- Provide strong plans relating to environmental responsibility and climate resilience
- Show unlikelihood of regulatory delays during permitting or environmental review process

### Applicant Experience
- Show experience with similar projects
- Provide relevant expertise
- Provide evidence of ability to support project’s scale

### Operations and Construction Plan
- Provide viable operation management plan
- Provide clear milestones and key construction personnel
- Provide inventory of required permits
- Provide resumes for key personnel and contractors

### Environmental Questionnaire
- Describe clear path to meet requirements
- Describe plan to minimize adverse impacts
- Describe resilience strategies for weather and climate risks
- Plan to measure and track goals
Environmental Review: National Environmental Policy Act (NEPA)

1. NEPA requires federal agencies to consider the effects of proposed actions on the human environment.

2. Based on the submitted Environmental Questionnaire (EQ), CPO will determine the appropriate level of review for a project and the environmental impacts likely to result.

3. A timely NEPA review depends on the quality of the environmental information submitted.
Workforce and Community Investment

Seeking projects that
• Demonstrate complete, cohesive, and feasible plans for workforce and community investment
• Present a strong strategy for investing in project’s facility and construction workforce

Note: Consortium members may collaborate on their workforce and community investments. Individual consortium members must list their specific contributions to investments.

Workforce and Community Investment
• Describe paid training and education benefits
• Describe programmatic investments to expand employment
• Provide letters of commitment from education and training entities
• Demonstrate investments are responsive to local needs

Facility and Construction Workforce Strategies
• Describe effective workforce strategies building needs and commitments
• Demonstrate strong local stakeholder engagement
• Address commitment to project labor agreements
• Describe compliance with all Federal labor laws, including Davis-Bacon Act
• Describe steps for inclusive business opportunities
Building an effective workforce strategy

1. **Strategic partners** may include labor unions, workforce development organizations, state and local workforce boards, educational institutions, and semiconductor fab companies (see **Teaming Partner List**).

2. **The Good Jobs Principles** provides a framework to ensure semiconductor facility jobs are high quality.

3. **The Davis-Bacon Act** outlines the requirements for wages of all laborers on construction projects.
Can I apply as a part of a consortium, if I did not apply as one in the Concept Plan?

Yes. Applicants may join a consortium and apply as one in their Full Application if they did not apply as one in the Concept Plan. The applicant must still submit a consortium narrative that is separate from their application narrative. If applying as part of a consortium for the first time during the Full Application phase, applicants will be prompted to enter the consortium key generated from the Concept Plan phase if available, or if unavailable, enter the consortium information.

If applying as a consortium for the first time during the Full Application phase, CPO highly recommends that applicants refer to information on applying as a consortium in the Small-Scale Supplier NOFO, the Consortium Narrative Guidance, Small-Scale Supplier NOFO Fact Sheet, and prior Small Scale Supplier webinars and Q&A sessions.

When reviewing a consortium narrative, the Department will consider the extent to which a given project is necessary for achieving its vision.
If I am denied funding in the Full Application or choose to not submit a Full Application, may I resubmit or submit a Full Application later?

- At this time, the Small-Scale Supplier NOFO is not accepting Full Applications outside of this funding window.
- Because the Concept Plan stage has concluded and the window to submit a Full Application will not reopen after July 1, 2024, as of now, there will not be another chance to apply to this funding opportunity.
What to Expect from CPO Until Submission

☐ Details on upcoming Financial Modeling Webinar

☐ An invitation from your Deal Team to meet to discuss your Full Application submission
  • If you have questions about your application after you have met with your Deal Team, submit them to apply@chips.gov

☐ Details on office hours sessions with CPO to take place in early to mid June to address received questions
Next Steps

☐ Confirm your intent to submit a Full App (if you have not) by replying to your invitation email

☐ Attend Financial Modeling Webinar

☐ Meet with your Deal Team to discuss your Full Application submission

☐ Submit a Full Application on the Applicant Portal

- Full Application Submissions Portal launched on April 26th
- Confirm your interest via email by May 3rd
- Full Applications are accepted until 5pm EST on July 1, 2024
### Additional Sources of Private Capital

The CHIPS Program Office has compiled and shared a list of potential sources of third-party capital investment to assist CHIPS applicants seeking third-party financing.

#### Types of Investors Listed
- Asset managers
- Private credit funds
- Insurance managers
- Investment banks
- Infrastructure funds
- Private/growth equity funds

#### Criteria for Selection
- Track record
- Investment mandate
- Sector focus
- Size and structure of funds under management
- Ability to support the needs of a wide range of applicants

#### How to Use this Database
- Applicants may identify and contact potential investors from this database
- Use of this resource will not be evaluated

The list is provided for informational purposes only and does not guarantee any funding to applicants. Inclusion in the list does not convey the CHIPS Program Office’s approval, endorsement, sponsorship, or otherwise evaluation of an investor or its programs, resources, or qualifications. All examples are provided for illustrate, non-exhaustive purposes only.
## Full Application Additional Resources

### Small-Scale Supplier NOFO Full Application Resources on CHIPS.gov

<table>
<thead>
<tr>
<th>Resource</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-Scale Supplier NOFO</td>
<td>Find the <a href="#">official funding announcement document</a> for comprehensive information on the Small-Scale Supplier Notice of Funding Opportunity.</td>
</tr>
<tr>
<td>Small-Scale Supplier NOFO FAQs</td>
<td>Find information on <a href="#">frequently asked questions</a> regarding the Full Application and the Small-Scale Supplier NOFO.</td>
</tr>
<tr>
<td>Small-Scale Supplier NOFO Full Application Fact Sheet</td>
<td>Find a summary of key information regarding the Full Application for the Small-Scale Supplier NOFO.</td>
</tr>
<tr>
<td>Small-Scale Supplier NOFO Full Application Narrative Guidance</td>
<td>Find detailed <a href="#">guidance on how to complete select sections</a> of the Full Application Narrative.</td>
</tr>
<tr>
<td>Small-Scale Supplier NOFO Full Application Instructions</td>
<td>Find detailed <a href="#">instructions guide on how to complete Full Application</a> in the Applicant portal.</td>
</tr>
<tr>
<td>Small-Scale Supplier NOFO Financial Model Template</td>
<td>Find the <a href="#">Financial Model Template</a> provided by the CHIPS Program Office designed to satisfy the financial model requirement.</td>
</tr>
<tr>
<td>Financial Model Template Instructions</td>
<td>Find detailed <a href="#">instructions on how to complete the Financial Model Template</a>.</td>
</tr>
<tr>
<td>Small-Scale Supplier NOFO Launch Webinar</td>
<td>Find the presentation materials and recording for the <a href="#">Overview of the Full Application Phase</a> webinar.</td>
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</table>
Thank you