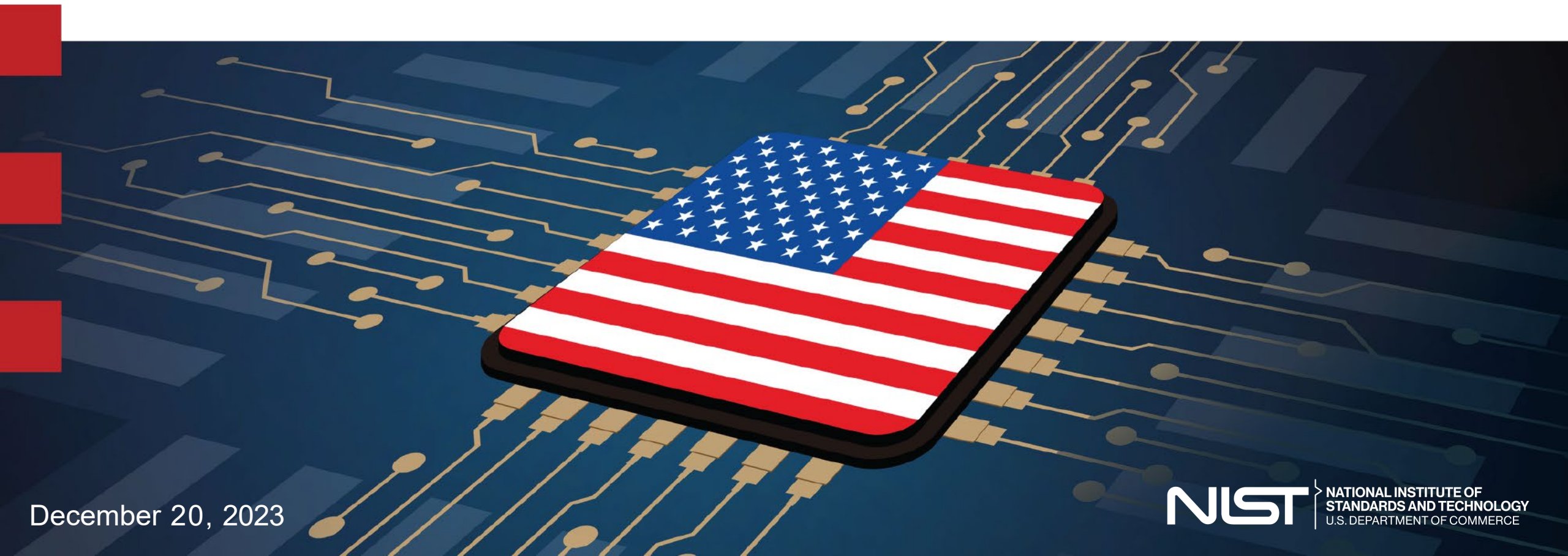
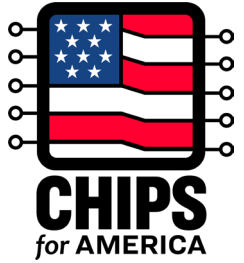


CHIPS for America Small Supplier NOFO Q&A Session

Semiconductor materials and manufacturing equipment facilities



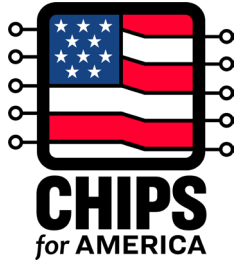
December 20, 2023



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](https://www.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



Olivia Briffault
Investment Principal

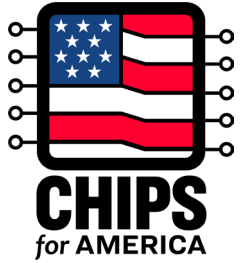


Harry Finegold
Investment Principal



Nihal Kotragouda
Investment Analyst

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)

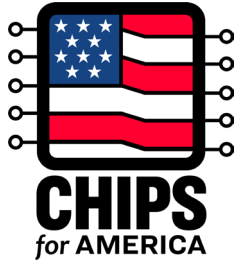
For smaller semiconductor materials and equipment facility projects under \$300M

Focus of today's webinar

Funding Opportunity

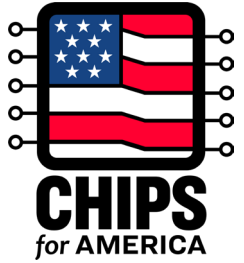
To support the construction of semiconductor R&D facilities

Facilities for Semiconductor Materials and Manufacturing Equipment



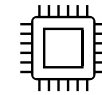
The **CHIPS Incentives Program – Facilities for Semiconductor Materials and Manufacturing Equipment NOFO** is the official funding announcement document. Nothing in this presentation or the accompanying materials is intended to contradict or supersede information in the NOFO. The NOFO controls in the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

Vision for Success – Supply Chain for Success



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.

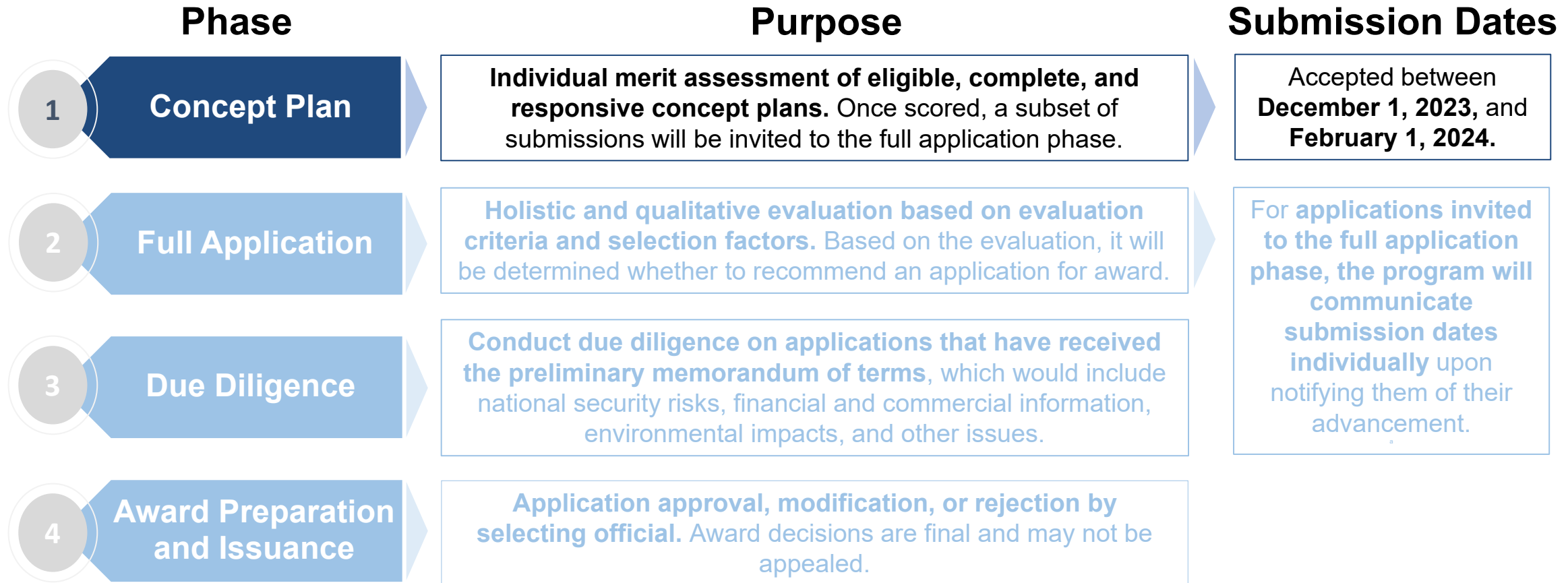
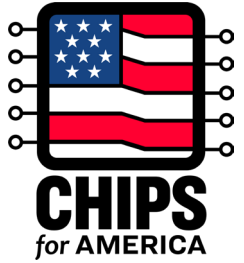
**By the
end of the
decade...**



Support Vibrant U.S. Fab Clusters

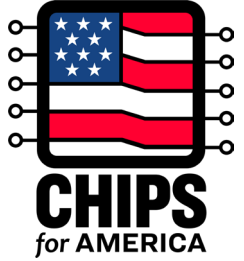
- ✓ Each **CHIPS-funded fab cluster** in the U.S. will be **supported by dozens of suppliers**, including many **investing in the U.S. for the first time**
- ✓ **State and local entities** encouraged to help **facilitate the expansion of these ecosystems**

Small Supply Chain Application Process



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

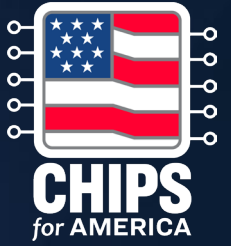
- Submit a Concept Plan Application
- Visit CHIPS.gov for additional resources
- Join our mailing list
- Contact us: apply@chips.gov for application-related inquiries

Additional Resources

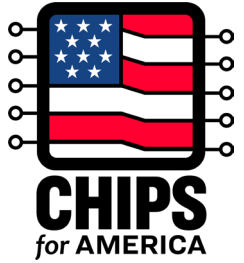
- Concept Plan Instructions
- NOFO 2
- NOFO 2 Fact Sheet
- NOFO 2 FAQ's
- NOFO 2 Launch Webinar



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



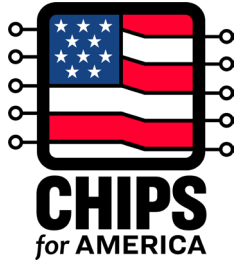
Frequently Asked Questions



Is \$20mm a hard cut-off? Does each project within my consortia have to be above \$20MM - Or can total project costs (across all projects) be sufficient to meet that minimum?

As stated in NOFO 2, the Department will not fund applications that lack sufficient scale to meaningfully contribute to its strategic objectives. The Department expects that projects with capital investments below \$20 million are unlikely to meet this standard. If a sub-\$20 million project does meet this standard, the Department generally expects other stakeholders — including chipmakers, larger suppliers, and state and local entities — to make the project viable without CHIPS funding. For the purposes of an application, a “project” is a set of capital expenditures for the construction, expansion, or modernization of a single facility. A project also includes any related workforce development or operating expense costs for the facility that the applicant proposes to cover with CHIPS Incentives funds. Applicants may only include one project per application.

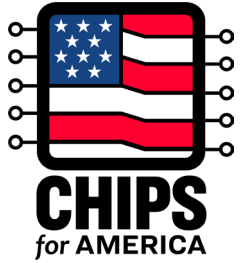
Frequently Asked Questions



If our concept plan is invited to submit a full application, will we receive any feedback?

The Department may work with the applicants selected to advance as they shape their concept paper into a full application.

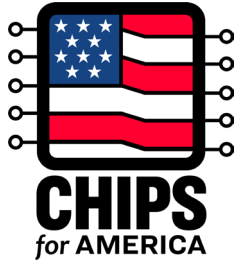
We expect greater engagement to occur with applicants who are invited to the full application phase.



Can the concept plan/application include current "ongoing" investments for expansion and modernization of facilities if justifiable for CHIPS Act funding? Or does it need to be a futuristic plan only?

Applicants must demonstrate how the CHIPS funding 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.

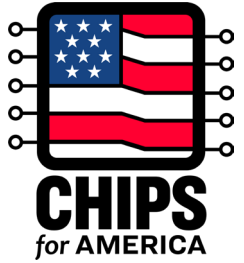
For applications containing projects that have already been announced or begun construction or for which the investment is “ongoing”, this standard could be met by demonstrating that the CHIPS Incentives requested will enable the applicant to meaningfully enhance the size, scope, speed, or technical ambition of the overall application. If the applicant cannot make this type of showing, it will have to demonstrate that the project would not occur without CHIPS funding.



? In the NOFO documentation, in section I.B.1, under **Semiconductor Manufacturing Equipment Facilities**, can you clarify what metrology and inspection systems are covered under this NOFO?

Any semiconductor manufacturing equipment should be used for the physical production of specialized equipment integral to the manufacturing of semiconductors and subsystems that enable or are incorporated into the manufacturing equipment. For example, this would include integrated or free-standing metrology and defect inspection equipment.

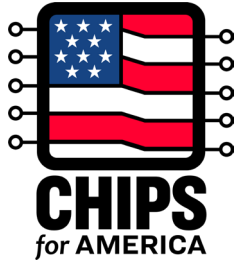
Frequently Asked Questions



? Are interposer projects that are less than \$300M covered under NOFO 1 or NOFO 2?

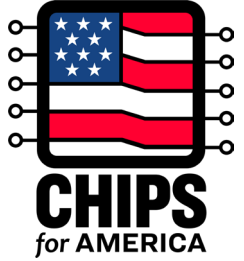
Interposer projects with capital expenditures under \$300M are covered within NOFO2.

Frequently Asked Questions



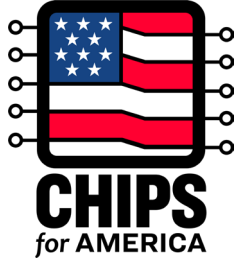
? Where does one actually upload the Concept Plan? In the application portal there is no mention of "Concept Plan."

The Concept plan gets uploaded through the Salesforce portal as a PDF upload in the "Concept Plan Narrative" section.



Will concept applications be more likely to be accepted if there is a consortium included as part of the application? Are all of the consortium partners required to file an application or can one company file the application and just list a consortium partner that has assisted with the application?

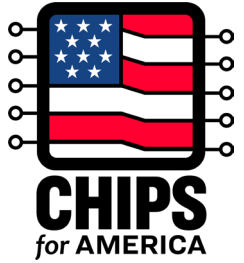
Projects will be evaluated based on how they respond to the NOFO Evaluation Criteria, with no additional benefits for applying as a consortium or an individual applicant. All applicants looking to receive funding for a project must submit an individual Concept Plan. Additionally, applicants applying as a consortium should note other members of the consortium as part of the “Consortium Narrative”.



Will facility outputs and sensitive information be available to the public for review, or how will this information be prevented from public disclosure if this information is very confidential?

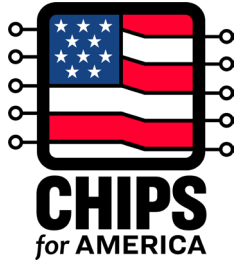
CPO will work diligently to safeguard information and data contained in or submitted in connection with statements of interest, pre-applications, full applications, or due diligence under the NOFO. The CHIPS Act provides that “any information derived from records or necessary information disclosed by a covered entity to the Secretary under this section” is exempt from disclosure under the Freedom of Information Act (FOIA) and “shall not be made public,” subject to certain exceptions. In addition, FOIA exempts from disclosure information that constitutes trade secrets or is privileged or confidential commercial or financial information. When responding to FOIA requests, the Department will apply these exemptions in accordance with the law and the Department’s FOIA regulations.

Frequently Asked Questions



Is there a benefit to submitting a Concept Paper "sooner" within the window (12/1/23-2/1/24) vs. submitting the same Concept Paper "later" within the window?

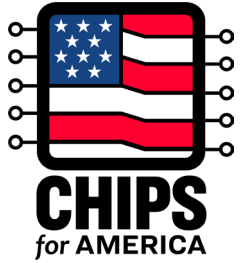
All Concept Plans will be reviewed together once the concept plan application window has closed. CPO suggests applicant submit their Concept Plans as soon as they are ready.



Are the Concept Paper per-section page limits (per DOC's PDF guidance) binding? If a given Section exceeds its per-section-limit, but overall narrative stays within 15 pages, is that acceptable?

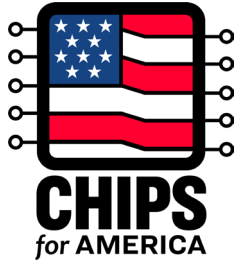
The Concept Plan Narrative recommendations for page count per section are only for general guidance and are not binding. Individual sections may be any length so long as all requirements are addressed, and the overall Concept Plan Narrative does not exceed the 15-page limit.

Frequently Asked Questions



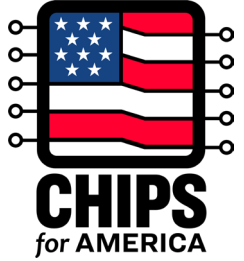
Can pictures be included as part of the concept plan narrative that is required on page 14 of the instruction guide?

Applicants may provide relevant exhibits as part of their “Concept Plan Narrative” pdf upload. This will be counted as being part of the 15-page limit and cannot be supplemental.



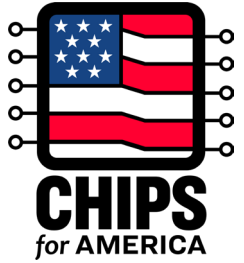
Is "Description of Project" Section of Concept Paper required to include information about Applicant (and any Corporate Parent)? That info appears to be included by Section #3 in DOC Guidance PDF #2, which indicates the info will be entered via Web-Form.

The "Description of Project" should outline the discussion of the project, the facility location, whether there is existing infrastructure, the scale, and other identifying information on of the project. CPO suggests this section is kept to one page. The next section is the "Applicant Profile", which should cover summary information of the applicant's name, addresses, points of contact, ownership and other detail. This also includes similar description of the applicant's corporate parent for cases where the applicant is a subsidiary of another entity. CPO suggests this section is kept to one page.



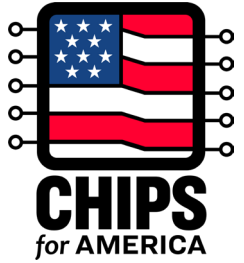
Does one need to have a finalized state and or local government incentive package or it is acceptable to be in the process of securing a state local government incentive that will be finalized?

Applicants are not required to have a finalized state and / or local incentive package for the Concept Plan application process but will be required to have one at the Full Application stage. CPO requests that applicants provide a reasonable estimate for expected state and local incentives when completing the sources and uses webform.



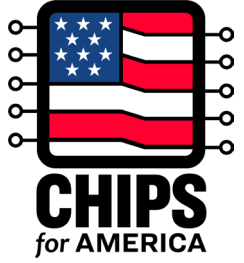
**What is the expected average award size for applicants?
Is the NOFO expected to be issued only once?**

Awards are expected to be 10% of project capital expenditures and this NOFO is for projects < \$300mm in capex. We currently have no plans to issue a second NOFO. Our national security goals are outlined in the NOFO.



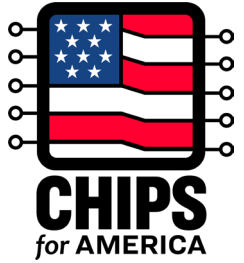
? I am seeking funding for multiple projects. Can I submit them all in one application?

- For the purposes of NOFO 2, applicants may include only one project per application.
- A “project” is defined as a set of capital expenditures for the construction, expansion, or modernization of a single facility.
- If you are seeking funding for multiple projects, you must submit a separate application for each project.



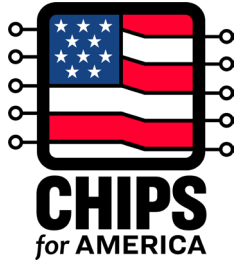
Does this funding opportunity include requirements related to child care and upside sharing?

- Applicants to this NOFO are not required to provide a plan for access to child care because awards under this funding opportunity will not exceed the \$150 million threshold established in the first NOFO.
- This is the same reason the NOFO does not include an upside sharing requirement.
- With respect to child care, applicants are still strongly encouraged to consider providing their workers with access to child care.



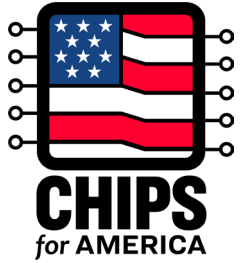
? May I apply for loans or loan guarantees under the second NOFO?

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.



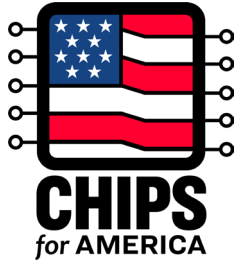
How is the requested financial information for this funding opportunity different than what is required for the previous funding opportunity?

- 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](#).



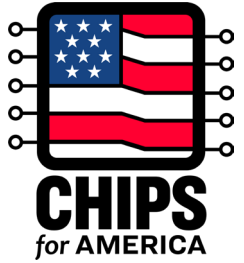
I am a supplier to a supplier. Am I eligible under the second funding opportunity?

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.



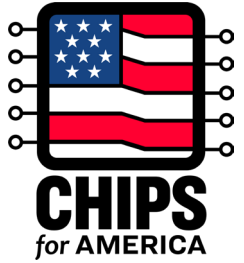
The Department expects strong consortia to include an anchor institution, like a semiconductor fab. Are there other examples of anchor institutions?

- 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.



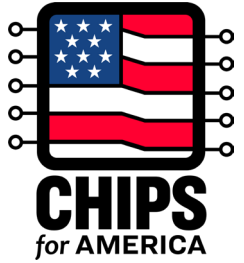
For those of us who represent state and local governments, what does a good “letter of support” look like for applicants we are really excited about?

- 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.



As an upstream semiconductor supply chain company should I apply for funding under the second funding opportunity or the first?

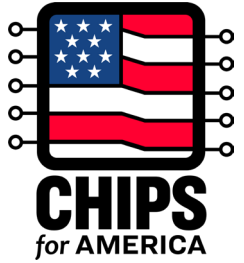
Assuming your project meets the other eligibility requirements laid out in the funding opportunities, the distinction between the first NOFO and second comes down to the size of your proposed project. If your project involves capital investments of \$300 million or more, you must apply under the first funding opportunity. If your project involves capital investments of below \$300 million, you must apply under the second funding opportunity



? What are the Department of Commerce's economic and national security objectives for investments made through the second funding opportunity?

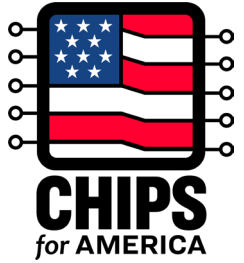
The Department has laid out three objectives for its investments in semiconductor materials and manufacturing equipment facilities:

- (1) strengthening supply chain resilience
- (2) advancing U.S. technology leadership in semiconductor materials and manufacturing equipment
- (3) supporting vibrant U.S. fab clusters.



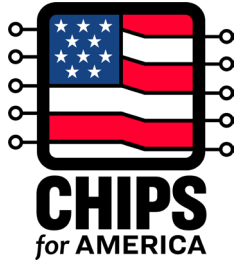
My project is not part of a cluster. Should I still apply?

Through the second NOFO, the Department is particularly focused on projects that advance U.S. clusters. But the Department is open to projects that support any of the economic and national security objectives outlined in the NOFO. If a project does not support a cluster, the application must make a compelling case for advancing one of the Department's other two objectives: strengthening supply chain resilience and/or advancing U.S. technology leadership



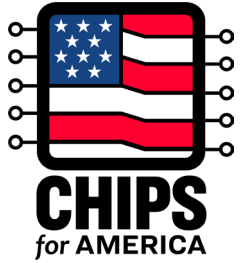
There's no fab in my area. Can I still make the case that I am advancing a U.S. fab cluster?

Yes. The Department is interested in projects that advance clusters by closing critical gaps in the U.S. supplier landscape. Often, projects will accomplish this goal by locating near fabs to reduce the burdens associated with transporting critical supply chain inputs. But that is not a requirement, and the Department welcomes projects that support clusters in other ways, including by providing critical materials or equipment to fabs in multiple areas.



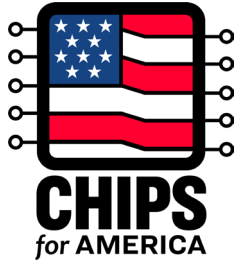
What does it mean to advance a cluster?

Through its investments in the semiconductor supply chain, the Department wants each CHIPS-funded cluster in the United States to be supported by dozens of suppliers, including many that will be investing in the United States for the first time to close critical gaps in the U.S. supplier ecosystem



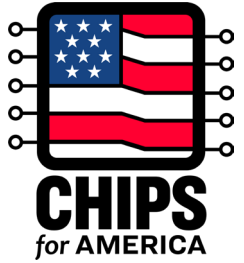
How do I know if I am eligible for funding as a semiconductor material or manufacturing equipment manufacturer?

If you are applying to construct, expand, or modernize a semiconductor material or manufacturing equipment facility and your project's capital investment falls below \$300 million, then you are eligible under NOFO 2, provided you meet the other requirements for funding under the CHIPS Act and NOFO 2.



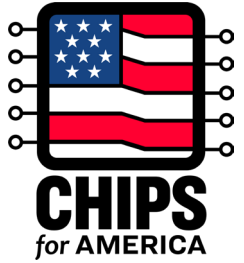
**My project is below \$20 million in capital investments.
Should I apply?**

As stated in NOFO 2, the Department will not fund applications that lack sufficient scale to meaningfully contribute to its strategic objectives. The Department expects that projects with capital investments below \$20 million are unlikely to meet this standard. If a sub-\$20 million project does meet this standard, the Department generally expects other stakeholders — including chipmakers, larger suppliers, and state and local entities — to make the project viable without CHIPS funding.



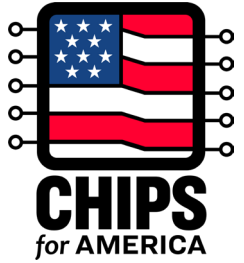
My project is slightly more than \$300 million in capital investments. Can I still apply under NOFO 2?

No. If you are applying to construct, expand, or modernize a semiconductor material or manufacturing equipment facility and your capital investment equals or exceeds \$300 million, you may not apply for funding under NOFO 2. You may apply under NOFO 1, provided you meet the other requirements for funding under the CHIPS Act and



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

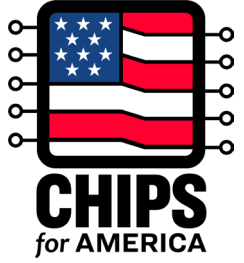
As defined in this funding opportunity, semiconductor materials facilities are facilities for the manufacture or production of materials used to manufacture semiconductors, which are the chemicals, gases, raw and intermediate materials, and other consumables used in semiconductor manufacturing. Potential applications related to raw semiconductor materials facilities may apply for funding so long as the capital investment falls below \$300 million, provided they meet the other eligibility requirements in the funding opportunity.



I am a supplier that primarily serves a non-semiconductor-related industry. Am I eligible to apply?

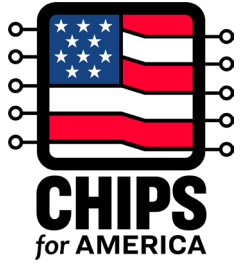
- If you are a potential applicant for a project related to a semiconductor material facility or a semiconductor manufacturing equipment facility, then you are eligible to apply for funding even if a portion of your business is not related to semiconductors.
- Please note, however, that our evaluation of the merits of a supply chain project will consider the materiality of the project's semiconductor-related output, relative to both overall project size and to the U.S. semiconductor ecosystem.

Frequently Asked Questions



Do I need to submit a statement of interest before applying?

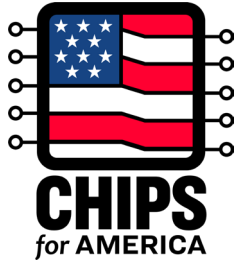
Applicants that have not already submitted a statement of interest to the Department are not required to do so before submitting a concept plan under this NOFO but may still do so if desired



How do I apply as part of a consortium?

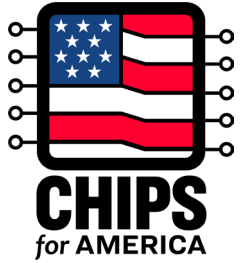
Each member of a consortium seeking funding for a project eligible for CHIPS Incentives must submit their own separate concept plan and application. As part of the concept plan and application, consortium applicants will be asked to submit a “consortium narrative” detailing other members of the consortium 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



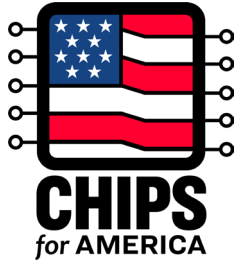
Will the consortium receive funding as a whole?

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



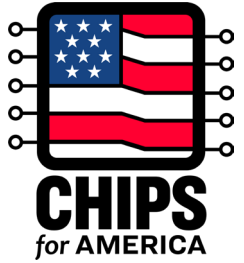
Is the Department requiring consortia to have particular members?

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.



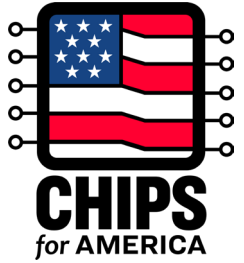
What information do I need to submit about my consortium?

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.



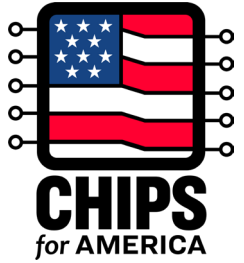
How many projects can we include as part of our consortium?

There is no specific floor or ceiling for the number of projects that may be included as part of a consortium. However, in evaluating projects submitted as part of a consortium, the Department will consider the extent to which the consortium's strategic vision advances economic and national security, and the extent to which a given project is necessary for achieving that vision. Thus, the Department strongly encourages consortia to be selective in choosing projects.



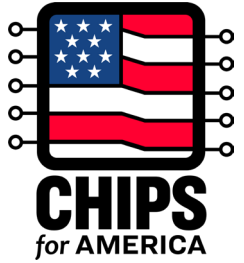
What are the benefits to applying as part of a consortium?

- Whether a project meaningfully contributes to the development or sustainability of a cluster is a factor the Department may use to advance concept plans to the full application phase or to select a full application to receive an award. We generally expect applicants applying as part of consortia to be better positioned to make this showing.
- Applicants applying as part of a consortium may work together to satisfy various statutory eligibility and other requirements.



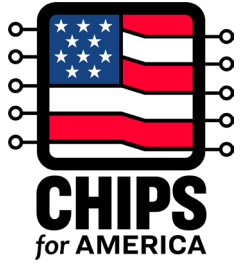
What should state and local governments do if they want to form or support a consortium application?

- They are encouraged to take steps to build and support vibrant semiconductor clusters. Such steps might include investments in workforce, education, site preparation, R&D, or infrastructure.
- They are also strongly encouraged to help streamline access to resources critical to cluster growth, such as permitting and expansion services, and coordination with relevant regulatory authorities.



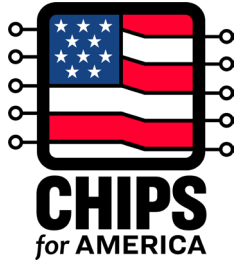
Do members of a consortium need to share business confidential information with each other?

- No. Each member of a consortium will have to submit their own concept plan and full application. They will not be required to share business confidential information with other members of the consortium.
- In addition, the CHIPS Program Office and the Department will follow applicable laws, including, for example, the CHIPS Act, the Trade Secrets Act, and the Freedom of Information Act (FOIA), to protect such information.



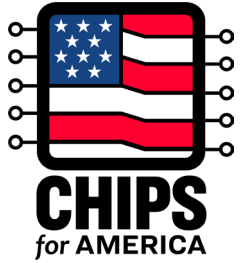
What is the difference between a cluster and a consortium?

Broadly speaking, a cluster describes the kind of regional semiconductor ecosystem the Department aims to create and support, while a consortium describes a collection of entities that work together to encourage the growth of such regions.



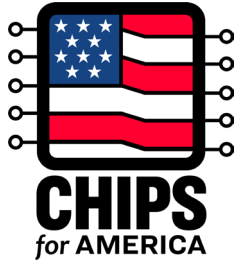
What are the characteristics of a strong construction workforce plan?

- Applicants must include a workforce needs assessment; a recruitment, retention, and training approach; a job quality approach; and metrics and milestones.
- Will also need to address whether they commit to using project labor agreements. They are strongly encouraged to describe any steps that will be taken to ensure that all contractors and subcontractors have a strong record of compliance with all Federal labor laws and the steps that will be taken to prevent the misclassification of workers. Strong applications will also demonstrate that contractors and subcontractors have a strong record of compliance with applicable state and local laws.



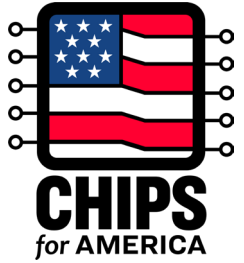
How much funding should I expect as part of an award?

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



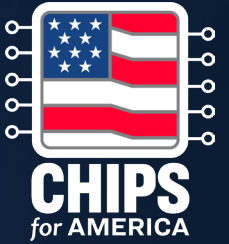
Materials facilities are not eligible for the Investment Tax Credit. Will they receive additional funding?

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.

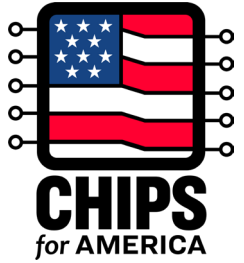
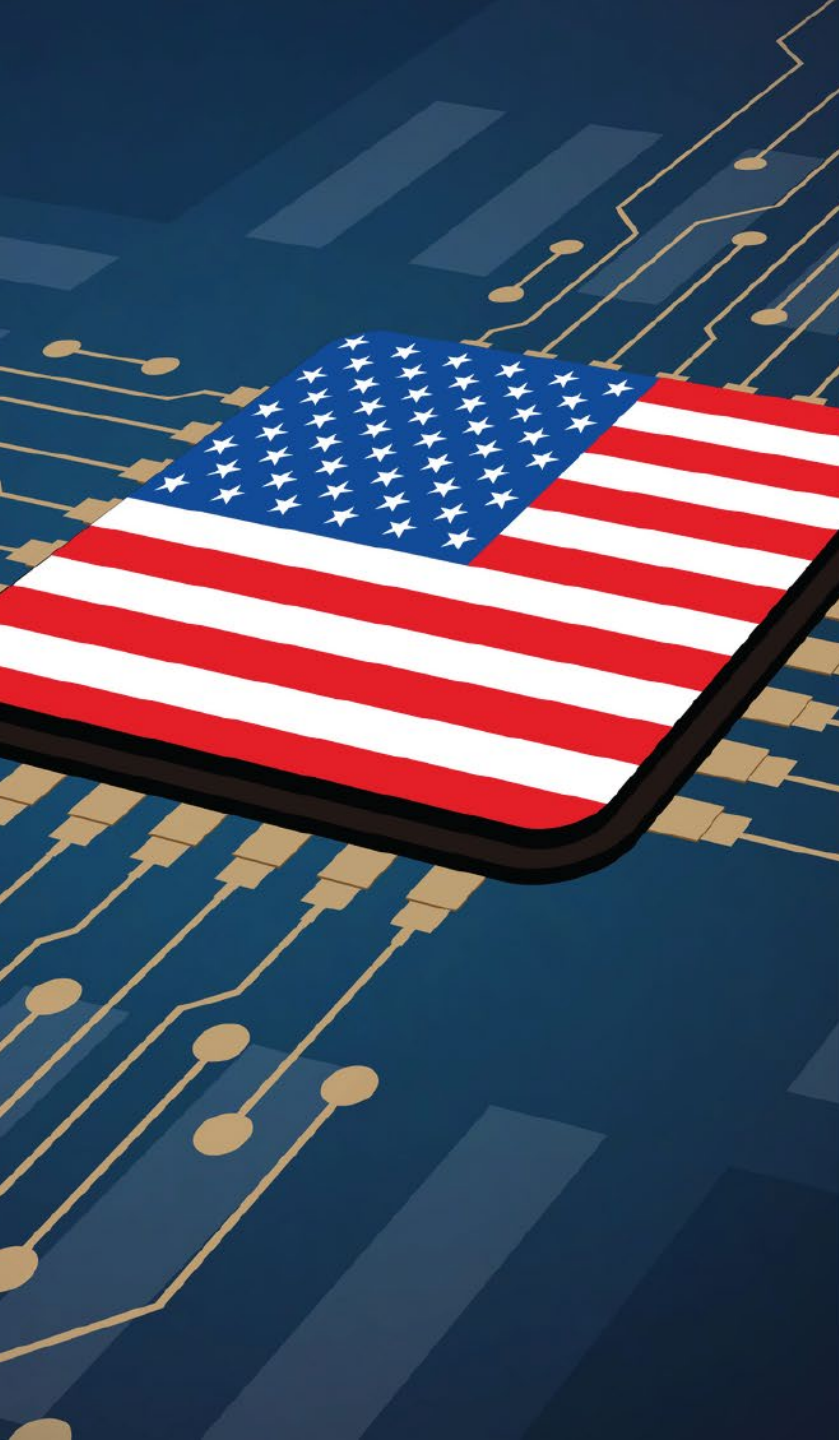


Are there downsides to requesting an award of more than 10 percent of project capital expenditures?

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.



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.