



Fab 9 Self-Managed Utility Overview

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April 30, 2021



At-scale global manufacturing footprint

Burlington, VT, USA
Fab 9



Wafer size: 200 mm

Malta, NY, USA
Fab 8



Wafer size: 300 mm

Dresden, Germany
Fab 1



Wafer size: 300 mm

East Fishkill, NY, USA
Fab 10

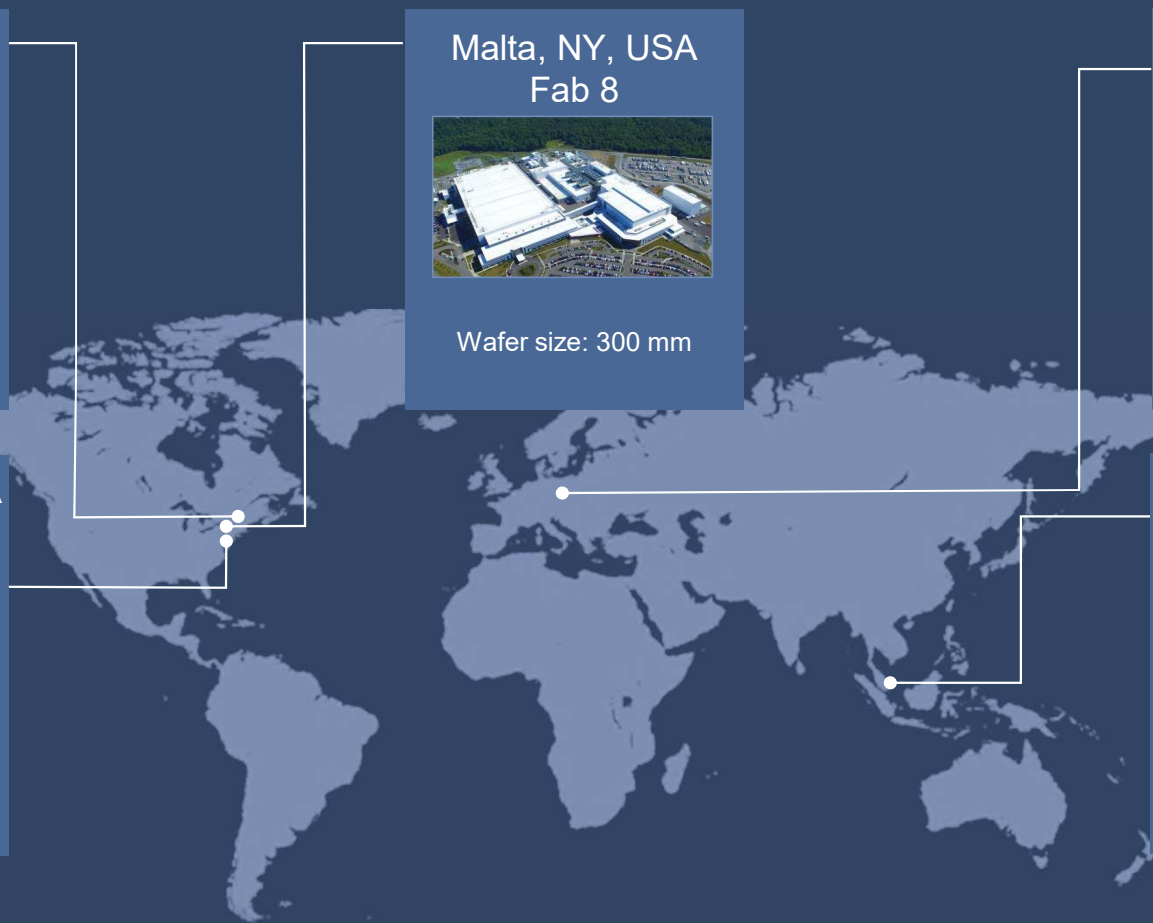


Wafer size: 300mm

Singapore
Fab 7 / Giga



Wafer size: 300 / 200 mm



Burlington site – Fab 9



Market Segments

Mobile, wireless infrastructure, automotive, industrial, and medical



Fab 9 Facts

~ 85% of Cell Phones Worldwide
~ 43% of Vermont State Exports



Manufacturing capacity

2nd Largest to Singapore's Giga (200mm)



Employees

~ 2,200
Largest private employer in the state



Operating since

1957 Site Origin
2014 GF acquired



Essex and Williston Campus

Essex ~ 310 acres
Williston ~ 440 acres



Consumes more energy than the entire City of Burlington ~ 400 GWHrs

GF's Fab 9 must remain competitive in the Global Market

- **Issue:** Fab 9's annual cost of electricity represents nearly 50% of the operational cost of the site to support manufacturing. The Fab 9 per unit cost of electricity is approximately 90% higher than GF's New York plants.
- **Goal:** Narrow the electric cost gap and create greater parity across GF's plants to maintain and grow operations at Fab 9 in Essex and ensure its competitiveness in the Global Market.
- **Analysis:**
 - Fab 9's ability to manage its electricity cost on the open energy market, something GF's other sites are able to do, will make it more competitive as it seeks to increase production
 - Closing the gap to get closer to NY electric costs improves Fab 9 cost per unit produced – the primary measure of competitiveness among GF plants
 - ✓ Supports optimum capital investment and growth opportunities

GF Prior Engagement with GMP and PUC

➤ 2014 - 2017:

- IBM / GF Rate Freeze 2014-2017 (MOU/Term Contract with GMP) expired Oct 2017
- GF started negotiations with GMP in March 2017 for another Term Contract

➤ 2018:

- PUC approved GMP's 5.37% Rate increase effective January 1, 2018
 - ✓ GF intervened to oppose rate increase

➤ 2019:

- PUC approved GF and GMP Term Contract effective January 1, 2019
 - ✓ GF rates modified and frozen through September 30, 2022
 - ✓ PUC approved a "collaboration" process for GMP and GF to work on a longer term solution
- December 2019: Both GMP and GF submitted a report to the PUC detailing various alternatives
 - ✓ Included the "Single Customer" utility or "Virtual Utility" as one alternative for further consideration

➤ 2020 and 2021:

- Developed the "Self-Managed Utility" model
- Memorialized in agreement with GF, GMP and Velco dated on March 12, 2021
- GF filed a petition for approval with the PUC on March 17, 2021

Proposed Solution: Self – Managed Utility

- Since 2019, GF and GMP have been working through a collaborative process to find ways to avoid piecemeal term contracts and create greater stability/sustainability for GF in the long term, to promote it remaining in Vermont for the benefit of not only electric customers but the Vermont economy as a whole.
- This solution is unique to GF because it is the largest VT power customer, has a direct connection to the 115kV high-voltage transmission system, & owns and maintains its distribution system at a cost of approximately \$3M annually.
- The Self-Managed Utility model will:
 - Allow GF to manage its own distribution system and supply its own load.
 - Remove GF from GMP's service territory, retail load, and service obligations.
 - Buy over a 4-year transition period, energy, capacity, and renewable attributes through a PPA with GMP that includes transition fees to offset GMP stranded costs.
 - Not sell services to retail customers or recover operating costs from ratepayers

Benefits of the Self-Managed Utility

- Allows GF to direct its own purchases to satisfy load through the wholesale market consistent with its own goals, timelines and strategies, in order to: manage risk across GF manufacturing plants, enhance global competitiveness, and improve prospects for investing in Vermont.
- GF's employees and local suppliers will remain economically strong, continue to contribute to the state's economy:
 - Wages and benefits for approximately 2,200 employees
 - Payments to Vermont vendors/ contractors
 - State income taxes, property taxes and sales taxes
 - Exports of \$1.311 billion (2019) (43% of the State's total export)
- Maintains GF as a wholesale transmission customer in Vermont through VELCO to the benefit of all electric customers statewide.
- Maintain GF's corporate philosophy to be a world-wide industry leader in clean energy standards and continue to be recognized for environmental sustainability.
- Critical timing – Why now?
 - Positions Fab 9 for positive investment today to meet the technology demands of tomorrow.
 - President Biden Executive Order and Federal CHIPS legislation – highlights importance of significant investment in domestic semiconductor industry and future opportunity for GF and Fab 9 growth.