



Open Letter to Candidates for President and the 117th Congress of the United States

Dear Candidates:

The National Electrical Manufacturers Association (NEMA) represents electrical and medical imaging manufacturers, innovators, job creators, and voters. We are hundreds of pro-growth American companies employing over 300,000 U.S. workers located in more than 6,100 facilities covering every State. Everything we do supports an electrified, connected, and productive future for the wellbeing of all our citizens.

When you assume your sworn duties next year in service to the American people, you should bear in mind the following five priorities that will expand the economy, enhance employment, improve healthcare, and ensure access to safe and reliable electricity—all while moving in responsible ways to enhance human health and protect the environment.

1. Moving Beyond Product Efficiency

It is time for policymakers to recognize that most electrical products have largely reached the limits of technologically feasible and economically justified energy efficiency increases. Opportunities exist beyond product efficiency to use technology in integrated systems that will generate greater overall benefits. This approach will produce far more material environmental improvements than diverting resources to that “last drop” of marginal increase in efficiency.

Moving beyond product efficiency acknowledges the fact that improvements are incremental and constrained by scientific and technological limits. Policymakers should recognize these realities, especially since the costs of pursuing product efficiency will be borne by end-users. Forcing product efficiency increases in the current manner of set time frames may have the effect of driving safe, reliable, and affordably useful products from the market before achievable alternatives can be developed.

Not only do our manufacturers make electrical products that have and will continue to reduce energy consumption and are enabling integration of new sources of power generation, these companies are applying sustainable processes in their plants. Our customers are asking all of us to shift to lower-carbon solutions, but it is time to understand that buildings, communities, and the entire electrified nation is a holistic energy system. Embracing a systems-wide approach in policy will contribute to resiliency improvements and cleaner overall power with many associated societal benefits.

To achieve the promise of a safe, reliable, and resilient electrified future, all while maintaining and improving product efficiency where warranted, policymakers ought to emphasize the large opportunity to increase adoption of energy-efficiency-enhancing products and systems in new and existing buildings. The benefits to doing so would be both reduced energy consumption and reduced carbon emissions. Much of the adoption of such products is driven by building energy codes at the state level – and federal support for strengthened codes could help even more. Policymakers should explore opportunities to further incentivize code adoption via federal tax credits, grants, loans, or other methods. In a nutshell, you should focus on driving increased adoption of energy-efficient/carbon-emission-reducing products as they exist today...they will only get better in the future.

2. Grid Modernization and Resilience

The electric grid may be the most complex system yet devised and built by humans. NEMA Member companies do not manage the power grid... we manufacture it. Our companies are developing the products, systems and increasingly the software that control and automate smart versions of the array of devices that make up critical grid infrastructure.

America's economy would collapse without reliable electricity, not to mention everyday societal activity, and grid operators across America should be commended for maintaining a high state of availability in the face of COVID-19 and other disruptions. We believe that grid modernization is the single best step to ensuring the higher levels of reliability our country needs for its prosperous future.

But the legacy power grid was not built for high degrees of variability of electricity generation sources, such as wind, solar, and other renewables. So NEMA Members are working with operators to develop the products and subsystems that can help us effectively reap the promise of non-fossil contributors in harmony with power-plant electricity (e.g., hydro, natural gas; nuclear power). For example, energy storage will play an important role in integrating intermittent renewable energy sources into the grid. Likewise, electric vehicles are a growing part of our transportation system and will, among other things, make demands on overall grid capacity. Adoption of the new equipment needed in these areas would happen more rapidly through enhanced interregional transmission planning and other grid-scale incentives.

While the market sends clear signals about demand, government will continue its historic regulatory role—but we need government involvement in ways that reflect the pace of this century and anticipate the future. Since most electric utilities are regulated by public commissions or similar bodies, governments at all levels need to implement rate and other incentives that encourage regulated entities to make the necessary modernization investments upon which our economy, society and future depend.

3. Trade

More than 90 percent of the world's people live outside North America. Well-negotiated, equitable, and enforceable trade agreements of all types enable U.S. companies to access, compete in, and serve growing foreign markets as well as our own. Trade agreements that remove unjustified barriers and lower import/export costs are especially important to the

business aspirations of American companies to participate in markets of their choosing worldwide. NEMA encourages and supports government and private-sector efforts to open and maintain access to U.S. and foreign markets for finished electrical and medical imaging equipment, as well as for components and other necessary manufacturing inputs.

NEMA believes that U.S. government efforts should focus on negotiation and implementation of formal and transparent agreements made with reliable counterpart governments that respect legally binding commitments that remove unjustified barriers to trade. Furthermore, we support U.S. government initiatives to create and maintain mechanisms for ongoing government-to-government consultations and coordination with the private sector on the removal and prevention of existing and new barriers to trade.

NEMA recognizes that tariffs can serve as a trade enforcement tool to re-establish fair competition when certain nations do not follow legal norms. But we further believe that they should be utilized rarely, ideally briefly, only in response to clear violations of provisions of negotiated commitments between and among governments and be accompanied by a clearly defined rationale why they were necessary.

4. Jobs

NEMA Member companies recruit and employ talented people who make products that are essential to modern American life. Even though electrotechnical jobs on average pay some 20 percent more than most service jobs, manufacturers find it hard to attract work-ready employees.

Our Members work at the cutting edge of manufacturing technology, creating and utilizing automation systems, artificial intelligence, complicated medical imaging device production techniques, and others. We take our responsibility seriously to train employees in the finer techniques of specialized manufacturing processes. All too often, however, sought-after potential employees arrive ill-prepared to grasp essential elements of the 21st Century work environment. In addition, international professionals have great value in helping companies fill the ranks in technical fields such as engineering. The ability to hire these individuals is fundamental to American companies' ability compete successfully on the global stage, yet current U.S. visa restrictions hinder retaining top talent.

There are vibrant opportunities in manufacturing for young people with all their diverse aptitudes. Many community colleges have stepped up in this area, and they should be further encouraged to continue their progress. One way would be to team with local high schools to help familiarize those students of the opportunities in modern manufacturing. An additional approach could be to provide tax incentives to help companies recruit and train the skilled workforce needed to expand modern manufacturing in the U.S. Not only do companies know the necessary experience and skills required for a job category, they also know their community and are eager to help.

5. Medical Imaging

Medical imaging technologies propel effective patient care through screening, diagnosis, and treatment. The *New England Journal of Medicine* proclaimed medical imaging as one of the top "developments that changed the face of clinical medicine" during the last

millennium. By allowing medical professionals to see accurate, detailed pictures of a patient's body, medical imaging technology empowers healthcare providers to make medical decisions based on the best available information.

These technologies have revolutionized health care delivery in America and around the world. Medical imaging extends human vision into the very nature of disease and enables a new and more powerful generation of diagnosis and intervention. Melding these advances with the power of digital and information technology fosters greater efficiency, quality, and value in health care. Government needs to facilitate this ongoing improvement in every possible way including in its coverage and reimbursement processes.

Election 2020

Soon you will be challenged to act upon the goals you outlined in your campaigns. NEMA urges you to embrace pro-growth policies based on these five priorities as part of your work. Our nation's economy is resilient, but improved and sustainable growth will require government and business to work together. We believe that year-by-year improvement of emissions reductions, a modernized and secure grid, reasonable data-driven regulations, a future-focused workforce, and increased access to life-improving medical technology will be essential ingredients of any successful body of work of the Administration and Congress over the coming years.

Best wishes for every success...like all Americans, we are counting on you.

National Electrical Manufacturers Association

October 6, 2020