



January 4, 2024

The Honorable Charles Schumer
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

The Honorable Patty Murray, Chair
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Susan Collins, Vice Chair
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Leader Schumer, Minority Leader McConnell, Chair Murray, and Vice Chair Collins:

We write in strong support of the Senate Energy and Water Development Appropriations bill's inclusion of \$1.2 billion in repurposed supplemental funding to bolster domestic transformer manufacturing and other critical grid components. Ongoing supply chain challenges and unprecedented demand for grid components require additional investment to assist manufacturers in expanding capacity in order to counteract a distribution transformer shortage and ensure nationwide grid reliability and resilience.

Our coalition, comprised of the American Public Power Association (APPA), Edison Electric Institute (EEI), National Electrical Manufacturers Association (NEMA), National Rural Electric Cooperative Association (NRECA), National Association of Home Builders (NAHB), The Gridwise Alliance (Gridwise), and the Leading Builders of America (LBA) is an assemblage of organizations whose members are at the forefront of the clean energy transition. Utilities and energy service providers, represented by APPA, Gridwise, EEI, and NRECA, provide electricity to all Americans. NAHB and LBA represent homebuilders constructing affordable and energy efficient communities. Distribution transformer and critical grid

component manufacturers, represented by NEMA and GridWise, produce the equipment needed to ensure electricity's safe and reliable delivery on the power grid.

Prior to COVID-19, the distribution transformer lead time—the time it takes to order and receive a new component—was less than one year on average. Today, due to complexities and inefficiencies in the supply chain, that schedule has grown to more than two years. Record demand for these products, the lack of available skilled labor to produce them, and challenges acquiring various components and materials which go in them are causing real-world problems: new building and housing construction projects have been stalled and utilities are unable to modernize the grid and help communities recover quickly from disasters.

In July, the Senate Appropriations Committee unanimously passed language that includes \$1.2 billion in repurposed supplemental funding for the Department of Energy's Office of Electricity and the Grid Deployment Office to bolster the transformer and critical grid component supply chain. This provision would boost financial assistance, procurement, technical assistance, and workforce support. It would further expand authorities from existing funding provisions under sections 40101, 40106(d)(3), 40107, or 40125(d) of the Infrastructure Investment and Jobs Act (IIJA) and allow these programs to invest in transformer and grid components.

We strongly urge this investment language to remain in the Energy and Water Development Appropriations final bill. This will help domestic manufacturers increase capacity and catch up to existing orders all while providing greater certainty to end-users of critical grid components. More manufacturing capacity means home construction can be completed, communities can modernize their infrastructure to incorporate IIJA investments, and regions can bounce back quickly from natural disasters.

Robust domestic production of distribution transformers is essential to ensuring a reliable U.S. grid while reducing dependence on foreign products. We thank you for your consideration and urge the inclusion of the Senate Appropriations Committee language in any forthcoming conference negotiations.

Sincerely,

American Public Power Association
Edison Electric Institute
The GridWise Alliance
Leading Builders of America

National Association of Home Builders
National Electrical Manufacturers Association
National Rural Electric Cooperative Association