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March 25, 2023

**VIA REGULATIONS.GOV**

Alejandro Moreno  
Acting Assistant Secretary for Energy Efficiency and Renewable Energy  
U.S. Department of Energy  
1000 Independence Avenue SW  
Washington, DC 20585

**Re: Proposed Rule, Department of Energy; Energy Conservation Program: Energy Conservation Standards for Distribution Transformers (88 Fed. Reg. 1,722-1,859, January 11, 2023) Docket. No. EERE-2019-BT-STD-0018, RIN 1904-AE12**

Dear Acting Assistant Secretary Moreno:

Leading Builders of America ("LBA") represents 21 of the largest production homebuilders in the United States, our members build approximately 35% of all new homes in the nation. While our members build for many different market segments, the majority of the homes we build are for middle class, working families.

We are committed to find ways to build more efficient homes that are affordable for middle class families. Our members have been active participants in DOE's Build American Program, EPA Energy Star for Homes program, the IECC code development process and we've strongly advocated for our legislative priority known as the SAVE Act, which would allow for the appraisal and mortgage underwriting processes to account for energy efficiency. Most recently, we joined with NRDC and other environmental NGO's, to support a 2024 energy code proposal to pave the way for electrification of new homes. Not only do we participate in the policy arena, our members build above-code in most markets and most of the homes we build are HERS rated to raise awareness of home performance among our buyers.

Today, LBA submits the following comments in response to the Department of Energy's ("DOE") proposed rule entitled Energy Conservation Program: Energy Conservation Standards for Distribution Transformers, (the "Proposed Rule").

While we agree with the intent of increasing energy efficiency on both supply and demand sides, we feel strongly that the proposed timeline for adoption simply isn't sufficient for industry to redesign and build factories, establish a dependable supply chain, hire and train a manufacturing workforce, and to redesign neighborhood infrastructure to accommodate the type of transformer required by this rule.

Make no mistake, this rule is an unaffordable housing rule -- it will limit new home availability, cause production delays and increase costs of new homes at a time when we are facing an historic lack of affordable housing supply. We applaud the Biden administration for working hard to address this supply

shortage.<sup>1</sup> This rule, as proposed, will run counter to that hard work and decrease home supply and affordability.

As you know, in a bold but necessary act, President Biden invoked the Defense Production Act to address the ongoing crisis caused by the lack of transformers to meet current demand.<sup>2</sup> That was an unusual move reserved for only the direst material shortfalls that impact national security and essential services. The actions of the Tiger Team, established to address the shortfall, have yet to be released or implemented, yet this new proposed rule would make it even more difficult to manufacture transformers. This makes no sense. This rush to enact efficiency mandates so quickly is at odds with both President's Biden's affordable housing agenda and his effort to solve the current distribution transformer shortage.

We know you will receive numerous comments about the engineering challenges and production obstacles that make the proposed timeline impossible to meet, that is not our area of expertise, so we will refrain from addressing those insurmountable obstacles facing manufacturers. Alternatively, we would like to inform you about the problems our buyers are experiencing in communities throughout the country.

A recent poll of our members shows that the transformer shortage exists in virtually every market in which we operate. (See attached heat map of affected markets). The practical effect of this shortage is that we are unable to deliver new homes to the families that purchased them.

Let's look a bit deeper at how this affects those families. With today's existing supply chain challenges, it typically takes 9-12 months to complete a home after the buyer signs a contract. Keep in mind, mortgage rates a year ago were in the 3% range. Thousands of buyers would have entered into rate locks with their mortgage companies so they could buy at the 3% rate that existed when the contract was signed. Rate locks expire on a specified date, typically when the home is scheduled to be completed. Today, builders are unable to deliver otherwise-completed homes because the house doesn't have electricity, these buyers are losing their rate locks. Therefore, they must secure new mortgages at today's 7% rates. On a \$350,000 home, with a 30-year fixed rate mortgage, the difference in monthly payment for principal and interest goes from \$1,180 per month to \$2,158 per month. That's an 82% increase or \$978 per month! This amount will of course be much higher in higher cost areas. Families simply cannot afford such an increase. This is caused solely by the current transformer shortage before factoring in the costs associated with the proposed regulation.

Today, we have thousands of disappointed buyers who have walked away from their deposits and their dream homes after losing their rate locks. There are other families living in hotels or with family members waiting for their neighborhood to receive a transformer. Utilities are telling them that it will be 6 to 9 months or longer before they'll have transformers available. These people have moved out of their apartments, or sold their prior homes, their children are missing the start of the school year in their new home's community. The impact on families is very real (See: [https://youtu.be/P\\_ai\\_BzsCiE](https://youtu.be/P_ai_BzsCiE)). The proposed regulation will make this situation far worse. It's not only families, it's community

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<sup>1</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2022/05/16/president-biden-announces-new-actions-to-ease-the-burden-of-housing-costs/>

<sup>2</sup> <https://www.whitehouse.gov/briefing-room/statements-releases/2022/06/06/memorandum-on-presidential-determination-pursuant-to-section-303-of-the-defense-production-act-of-1950-as-amended-on-transformers-and-electric-power-grid-components/>

groups, charitable organizations and non-profits that are affected as well (See: <https://youtu.be/rRXTGDdTVW4>)


In addition, the proposed transition to amorphous distribution transformers, will mean transformers will be larger than existing transformers. This will require significant redesign of community infrastructure. Larger poles to handle the extra weight of pole-based transformers will need to be designed and retrofitted. Pad-based and underground transformers will need to be placed on larger footing and in wider and deeper vaults.

Another significant concern to factor into your timeline, is that larger amorphous transformers have more limited capacity so we will need to design communities with more transformers. This will of course further exacerbate the existing availability crisis facing the country.

We urge the Department of Energy to reconsider the aggressive timeline included in this proposed regulation. Furthermore, we urge DOE to use its powers under the Defense Production Act to address the existing crisis before making it worse.

We appreciate your consideration of these concerns and look forward to any questions you may have for us.

Sincerely

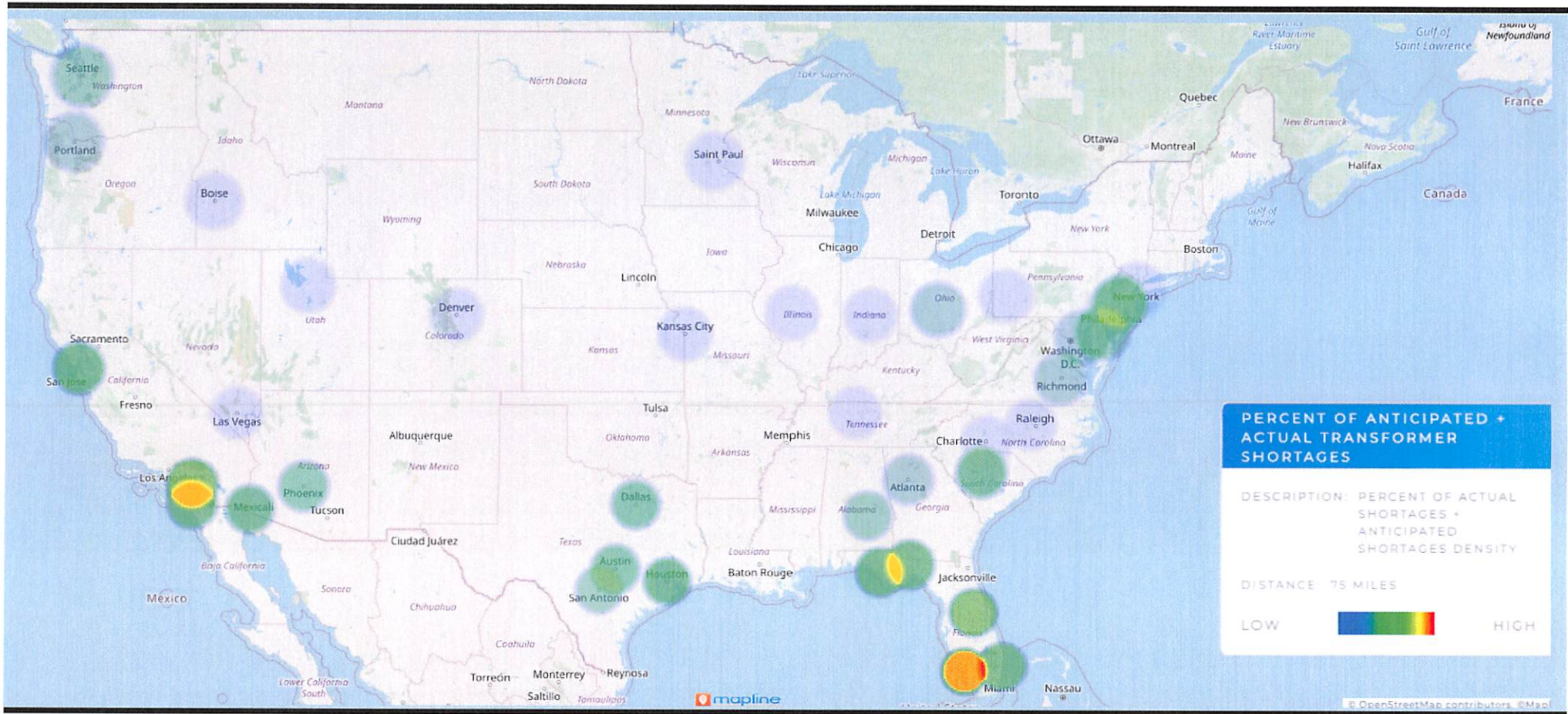


Kenneth T. Gear  
CEO



# Survey Of Electric Transformer Shortage

Predicted + Actual Transformer Shortages Recorded



*National Survey of LBA Members*

Nov. 4-11th, 2022

**15 Total Voters**