

Congress of the United States

Washington, DC 20515

April 3, 2023

The Honorable Jennifer Granholm
Secretary
US Department of Energy
1000 Independence Ave SW
Washington, DC 20585

Dear Secretary Granholm:

We write in strong opposition to Proposed Rulemaking: "Energy Conservation Program: Energy Conservation Standards for Distribution Transformers."¹ Finalizing the rule would have a significant effect on the production of distribution transformers, which electric utilities already have difficulty procuring.

Since 2021, electric utilities have been communicating their troubles with procurement of distribution transformers to the Department of Energy (DOE). The lead time for procurement of a distribution transformer can take 16 months or longer. This lead time is a significant problem for electric utilities seeking to bolster the reliability and resilience of the grid and other critical infrastructure, particularly against severe storms and other hazardous weather events. Furthermore, prolonged lead times and the lack of availability have made it difficult for utilities to provide transformers to homebuilders, city planners, and economic developers to get power to end users in new development areas.

In June of 2022, the Administration acknowledged the dire production backlog and issued a Presidential Determination through the Defense Production Act to prioritize the production of distribution transformers to bolster grid resiliency and national security. Among the numerous recommendations provided by industry to the DOE, a preferred solution to help meet the output goals of the Defense Production Act, was delaying any new energy efficiency standards to provide market clarity.²

In September of last year, a bicameral group of lawmakers wrote to President Biden requesting that DOE temporarily suspend efficiency standards on transformers to allow manufacturers to scale up production and fill the growing industry backlog³. In his response, Alejandro Moreno, Acting Assistant Secretary for Energy Efficiency & Renewable Energy and Deputy Assistant Secretary for Renewable Power, retorted that rolling back energy conservation standards would (for many manufacturers) be, "burdensome and costly to implement a redesign process and modify existing production facilities."⁴ Ironically, Mr. Moreno acknowledged the significant challenges to changing the manufacturing process for reducing efficiency standards but ignores the cost, complexity, and supply chain hurdles of increasing efficiency standards on manufacturers two weeks after your department released a noticed of proposed rulemaking to require all but one US manufacturer to completely overhaul their transformer production process.

¹ Energy Conservation Program: Energy Conservation Standards for Distribution Transformers, 88 Fed. Reg. 1722 (Jan. 11, 2023)

² https://www.nema.org/docs/default-source/advocacy-document-library/nema-gridwise-comments-doe-dpa-rfi-11.30.22.pdf?sfvsn=2969fc7b_4


³ <https://www.hagerty.senate.gov/wp-content/uploads/2022/09/Electric-Infrastructure-Letter-to-Biden-with-Signatures.docx.pdf>

⁴ <https://harshbarger.house.gov/sites/evo-subsites/harshbarger.house.gov/files/evo-media-document/1.25.23-response-to-rep-harshbarger-re-transformers-006246.pdf>

There is no statutory requirement for DOE to issue an increase in efficiency standard. Despite this fact, DOE continues to push forward with a rulemaking that will only increase the energy efficiency of distribution transformers by a fraction of a percentage point. The electric power industry is in no position to undertake this level of regulatory overhaul. Outputs fell far below the needs of the market before the proposed rule was noticed. A new efficiency regulation that completely overhauls the manufacturing process will further exacerbate the significant delays in delivering distribution transformers. Until the industry receives the regulatory certainty it needs, the production backlog will only worsen.

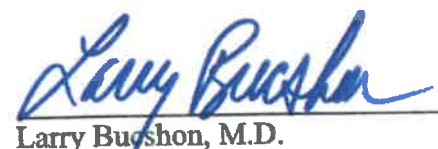
We request that you immediately withdraw the proposed rule and thank you for your consideration.


Sincerely,

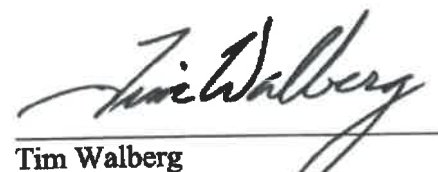

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Member of Congress

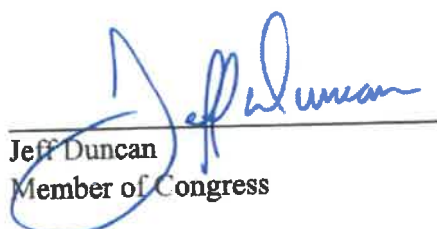

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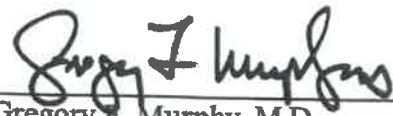

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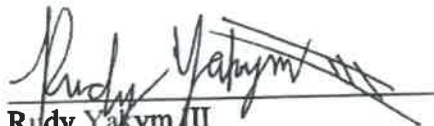
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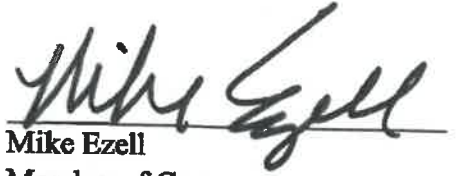
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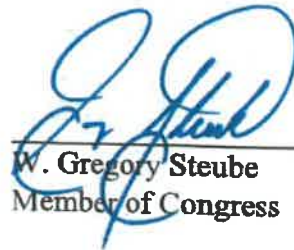
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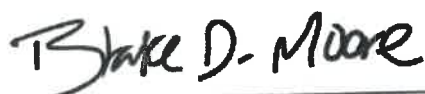
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