

Congress of the United States

Washington, DC 20515

November 8, 2023

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

Dear Secretary Granholm:

We write to express our opposition to the Department of Energy's (DOE) Proposed Rulemaking: "Energy Conservation Program: Energy Conservation Standards for Distribution Transformers." The rule, if finalized, could significantly impact the ability of electric utilities to obtain distribution transformers, which are a critical grid component for ensuring reliability and resilience.

Over the past few years, the supply chain constraint for distribution transformers has grown significantly, with demand far outstripping current rates of production. Since 2020, the average lead times to procure distribution transformers for all voltage classes increased 429%. In our states of Kansas and Missouri, utilities are experiencing lead times of more than three years to secure distribution transformers. In some cases, manufacturers facing overwhelming demand have stopped accepting bids altogether. The current shortages are posing threats to the reliability and resiliency of our electricity system, as well as impacting new home construction and economic development.

On December 28, 2022, DOE announced a proposed new energy efficiency standard for distribution transformers. The proposed rule, if finalized, would require manufacturers of these transformers to retool their production lines. Manufacturers are already running their production lines at maximum capacity to meet the demand for transformers, and any change to production lines would exacerbate procurement timelines.

While DOE claims that this proposed rule would lead to greater efficiency, it is important to also note that the expected increase in energy efficiency under DOE's rule would be negligible for such a burdensome and harmful overhaul. The Proposed Rule increases efficiency standards on distribution transformers, critical grid products, which currently are no less than 97.7% energy efficient, at a time when the industry is struggling due to a significant increase in demand, supply chain issues, and skilled workforce shortage.¹

¹ NEMA, Energy Efficiency Regulations and Requirements for Distribution Transformers Sold in the United States, available at https://www.nema.org/docs/default-source/nema-documents-libraries/doe-transformer-efficiency-regs.pdf?sfvrsn=8253222a_0.

Furthermore, to achieve the efficiency gains in the proposed DOE rule, manufacturers would have to switch from grain-oriented electric steel (GOES) to amorphous steel, which currently has limited availability to meet projected demand for transformers. With stocks depleted and an unprecedented level of demand, DOE's new rule would strain the ability of our utilities to ensure grid reliability and security.

Grid security and reliability is central to our economic and national security. We respectfully urge you to withdraw the proposed rule and thank you for your consideration.

Sincerely,



Roger Marshall, M.D.
United States Senator



Eric S. Schmitt
United States Senator



Jerry Moran
United States Senator



Josh Hawley
United States Senator



Tracey Mann
Member of Congress



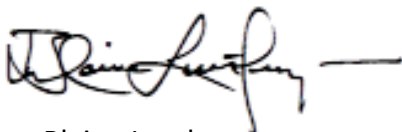
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