

## Supply Chain Challenges Impacting Electric Cooperatives

### Key Findings

- Electric cooperatives are facing significant challenges and delays in their supply chains – inhibiting their ability to provide reliable electric service, restore service in a timely way following storms and natural disasters, and extend new service as infrastructure is built out.
- NRECA’s advocacy has raised the profile of these issues among federal policymakers, and we are urging the government to pursue policies that will support sustainable supply chains for the electric sector.
- The federal government should use existing and new appropriations to address the labor shortage currently constraining distribution transformer output and to bolster the domestic supply of grain oriented electrical steel and domestic manufacturing of large power transformers for the long term.

### Electric Sector Experiencing Unprecedented Supply Chain Challenges

Supply chain delays are contributing to an unprecedented shortage of the most basic machinery and components essential to ensuring continued reliability of the electric system. Electric cooperatives are waiting at least a year on average to receive distribution transformers, and some manufacturers are declining to accept new orders all together due to historic backlogs. Additionally, lead times for large power transformers stand at three years and up. Orders for electrical conduit have been delayed five-fold to 20 weeks and costs are up 200 percent year over year. Projects are now being deferred or canceled, and utilities are concerned about their ability to respond to more than one major storm in a season due to their depleted stockpiles.

### NRECA Raising Attention Among Federal Policymakers to Drive Solutions

NRECA has actively raised attention among federal policymakers throughout the executive and legislative branches to ensure policymakers fully grasp the scope of how these supply chain challenges are impacting the electric sector. We’ve brought compelling examples of how equipment shortages and extended lead times can impact new economic development, storm recovery, implementation of projects funded through the 2021 infrastructure law, and the Biden administration’s policy agenda.

As highlighted at NRECA’s 2022 Legislative Conference, the Department of Energy has made addressing supply chain constraints a [top focus](#) as a result of our outreach and dialogue with agency officials. In June, the Biden Administration granted DOE authority to invoke the Defense Production Act (DPA) to address energy supply chain shortages. We are working closely with DOE and the administration to help ensure that all possible legal and regulatory tools are used appropriately to address the issue.

The Electricity Subsector Coordinating Council, of which NRECA is a member, created a “Tiger Team” to develop and recommend short term and long term strategies to address electric supply chain issues. The Tiger Team is chaired by Arkansas Electric Cooperatives’ CEO Buddy Hasten. The industry side of the Tiger Team has provided recommendations for government actions to address shortages of distribution and

large power transformers, electrical steel, wood poles, and conductor.

## **NRECA Advocating Both Near and Long Term Solutions**

NRECA is [pushing the administration](#) to prioritize existing as well as any new funds made available from Congressional appropriations for DPA activities for transformers and grid components. We have put forward ideas on how to address the current labor shortage, which the Tiger Team identified as the most immediate challenge for distribution transformer manufacturers. Longer term, we are advocating for the government to help sustain and grow the domestic supply of grain oriented electrical steel which is vital for transformers of all sizes as well as domestic manufacturing for large power transformers.

We continue to explore options that will provide meaningful results for electric cooperatives and ensure policymakers understand the needs of our members. NRECA will advocate for long term policies that will help avoid today's challenges and delays in the future.

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