

RANKING MEMBER

Subcommittee on Energy and Water
Development and Related Agencies

Subcommittee on Defense

Subcommittee on Agriculture



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June 13, 2023

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

Dear Secretary Granholm:

I write to you regarding the U.S. Department of Energy's proposed amended efficiency standards for distribution transformers.¹ The availability of grid components, including distribution transformers, remains a significant challenge for the electric power industry due to supply chain shortages that could threaten national security and competitiveness if they impact grid reliability and resiliency initiatives, clean energy project deployment, and the onshoring of manufacturing jobs. Additionally, I am particularly concerned about domestic production of electrical steel, including both the grain-oriented electrical steel (GOES) currently used in distribution transformers and the non-oriented electrical steel (NOES) used in electric vehicles (EVs) and motors in large industrial equipment.

Cleveland-Cliffs Inc. is the sole domestic producer of both GOES and NOES in North America. The company manufactures this electrical steel at two manufacturing facilities, Butler Works, in Butler, Pennsylvania and Zanesville Works, in Zanesville, Ohio. Together, these facilities employ approximately 1,500 employees in good-paying jobs with a significant portion of the workforce represented by the United Auto Workers.

The proposed rule would require all distribution transformers to shift from GOES cores to amorphous metal cores by 2027. Because GOES accounts for a significant majority of the electrical steel produced by Cleveland-Cliffs, the company anticipates that promulgation of this proposed standard will eliminate an important market for Cleveland-Cliffs and adversely impact the continued production of all types of electrical steel, including both GOES and NOES. If the production of GOES and NOES is no longer economically viable, materials critical to the

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

maintenance and modernization of the electric grid and to the expansion of EV production will be outsourced.

I urge the Department to promulgate a final rule that will not exacerbate transformer shortages or negatively impact the supply chain of electrical components. The Department should discuss any implications with stakeholders across the supply chain before finalizing a rule.

Thank you for your consideration consistent with Department's regulations and procedures. I look forward to working with you on ways to address supply chain shortages of transformers and other grid components.

Sincerely,

A handwritten signature in black ink, reading "Marry Haptur". The signature is written in a cursive, flowing style with a large initial 'M'.

Member of Congress