

# Electric Cities of Georgia (ECG) Annual Meeting

## Supply Chain Constraints

Corry Marshall

Senior Government Relations Director

American Public Power Association

December 6, 2022

# Agenda

1)Background on APPA

2)Public Power Supply Chain Efforts

3)Supply Change Tiger Team

4)Where We Are Today

# AMERICAN PUBLIC POWER ASSOCIATION

Trade association representing public power utilities across the U.S.

**MEMBER EDUCATION  
AND INFORMATION**



**POLICY  
ADVOCACY**



**BEST PRACTICES  
AND RESOURCES**

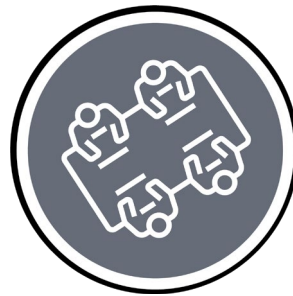
# About APPA

The voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide

We serve our nearly 1,500 utility members & 220 corporate members through:



Offering education and professional development opportunities



Sharing information and building connections across the industry



Advocating for policies and regulations that support public power

# Supply Chain

- Supply chain issues rose to APPA's top priority because the lack of supply of essential grid components, such as distribution transformers, smart meters, conductor materials, is putting electric reliability at risk
  - In an early 2022 survey of public power utilities, 80 percent reported having either pad-mounted or pole-mounted distribution transformer inventories that are lower today than in 2018
  - Lead times to purchase new distribution transformers had risen from three months in 2018 up to 12 months or more
  - The most recent update to APPA's survey shows lead times for every category of voltage class averaged 365 days and for the two largest voltage classes, 39 percent of the respondents would be out of stock by years end.
  - Members identified the delay or cancellation of 1 in 5 new electrification projects
- APPA is working with industry and government partners to develop collaborative solutions that will ensure reliability
  - APPA, NRECA, and EEI are meeting regularly to identify the industries' issues, needs, and possible solution
  - Early attempts to interact with manufacturing have not provided solutions working with DOE to bring manufacturing sector to the table
  - The Electricity Subsector Coordinating Council (ESCC) has created a Supply Chain Tiger Team (3 APPA members, 1 co-chair lead)

# Supply Chain

- Public power utilities are asking the federal government to:
  - Ensure the robust availability of electric grid components, such as distribution transformers
  - Provide a temporary waiver to efficiency standards for distribution transformer manufacturers as a part of an all-options approach to increasing supply
  - Increase domestic manufacturing of electric grid components
- In May, APPA and NRECA sent a letter to Department of Energy (DOE) Secretary Granholm seeking a temporary waiver
  - That request was denied in July
- In early June, President Biden announced he was taking action via the Defense Production Act (DPA) of 1950 to increase production capabilities of transformers, electric power grid components, and solar photovoltaic components
  - Solar components get 2-year tariff waiver to bridge gap to allow domestic manufacturing capabilities to come online
  - The Administration has issued an RFI seeking input on how the DPA could best be used as a tool to accelerate manufacturing and deployment of energy technologies

# What Did We Hear in Our Survey Regarding Distribution Transformers

- Current production is not meeting demand
  - Lead time are growing
  - Projects are being deferred or cancelled
- Shortage poses an urgent threat to reliability and resilience
  - Stocks are lower than in past
  - Great risk of stocking out by years end
- Demand will continue to grow



Electricity Subsector  
Coordinating Council

- The purpose of the Electricity Sub-Sector Coordinating Council (ESCC) is to facilitate and support the coordination of sub-sector wide, policy-related activities and initiatives designed to improve the reliability and resilience of the electricity sub-sector, including physical and cyber security infrastructure and emergency preparedness of the nation's electricity sub-sector.





## Supply Chain Tiger Team (SCTT)

- ESCC raised concerns with supply chain issue impacting critical equipment needed for reliability of electric supply.
- Commissioned a Supply Chain Tiger Team (SCTT) to address concerns.

# ESCC SCTT Scope of Work

- Aligned with appropriate federal doctrine and policy for the energy sector, the primary objectives of the SCTT are to:
- Identify and address the near-term problem in supply chain impacting electric reliability.
- Work to identify and inventory immediate Government authorities and capabilities available to address the problem.
- Convene the electric sector and appropriate representatives in the manufacturing sector, via DOE, to identify the root cause of shortages in the supply chain and identify any immediate responses to those problems.
- Understand the biggest barriers impacting manufacturer's ability to sustain supply for electric sector recovery and maintenance.



# Supply Chain Tiger Team (SCTT)

## Public Power Team Members

- Jay Stowe (Jacksonville Electric Authority) – Co-Chair
- Daniel Beans (City of Roseville, CA)
- Gary Gibson (Springfield City Utilities)
- John Maclaga (Wilson (NC) Energy)



# Options and Considerations

- DOE consulting with DOL to assist with Labor Shortages
- Evaluation uses of the National Defense Production Act
  - Financial (Grants, Low-Interest Loans, to expand manufacturing capacity)
  - Supply (Government purchase of strategic transformer inventory)
- DOE consulting with the Department of Commerce on additional supply chain manufacturing

# Where are We Today?

- Made suggestions based on our understanding of manufacturers' needs
- Push for Appropriations funding specific for DPA use toward increasing distribution transformer production
- Submitted answers to DOE RFI that DPA authorities be directed toward addressing distribution transformer production
- APPA has set up a Public Power Supply Chain Summit in March