



GOVERNOR JOSH SHAPIRO

March 13, 2024

The Honorable Shalanda Young
Director for the Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue NW
Washington, DC 20504

Dear Director Young:

Pennsylvania recognizes the profound evolution currently underway in our electrical sector. From generation to transmission, we are making substantial upgrades to serve the grid needs of the 21st century, thanks in part to the transformative impact of the Inflation Reduction Act (IRA) and the Bipartisan Infrastructure Law (BIL). Pennsylvania is eager to not just participate but lead in this effort, and we are grateful for your strong leadership at the Department of Energy in building the electrical networks of tomorrow. As we undertake this effort, we also recognize the critical role highly skilled Pennsylvania workers will play in building the infrastructure of tomorrow.

However, as a national energy leader, our Commonwealth knows that change must be measured and not rushed in order to usher in lasting transformation. I write today with serious concern that your draft rulemaking under the Energy Policy and Conservation Act (“EPCA”), Docket Number EERE-2019-BT-STD-0018, goes too far too quickly. It threatens to disrupt the domestic supply of urgently needed electrical transformers and make it more difficult for longstanding Pennsylvania companies to adapt their existing manufacturing to the tools of the future.

Specifically, the likelihood that the draft rulemaking would require transformers to rely on amorphous steel cores is a laudable goal that will improve energy efficiency, but one that must not be implemented on a short three-year timeframe. Removing the ability of transformers to rely on traditional grain-oriented electric steel (GOES) at this exact moment when billions of dollars in IRA and BIL investments are increasing demand for transformers across the country is a recipe for delayed and thwarted potential. I am deeply concerned that a strict requirement for amorphous steel in the short term will stifle the potentially transformative impact of IRA and BIL in Pennsylvania and across the country to remake our electrical grid and ultimately lower emissions nationwide.

Over time, I expect that longstanding industry leaders like Pennsylvania’s own Butler Works plant, which as you know is the sole domestic manufacturer of GOES material, will adapt to provide additional manufacturing capacity for next generation steel products. That cannot happen overnight, however, and if the three-year deadline is not extended until at least the end of this decade, DOE’s well-intentioned effort to improve energy efficiency threatens to deliver the opposite result: shutting down one of our only sources of transformer-grade steel and unfairly harming the 1,200 highly skilled Pennsylvania workers employed at the facility.

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My Administration hears often from our utilities about constraints today on transformer inventory that is slowing their ability to install EV charging stations, activate renewable generation sources, and recover from severe weather events, among many other needs. Furthermore, thousands of hardworking Pennsylvanians and the communities they support are critical pieces of our economy and Commonwealth, and I am committed to protecting and creating jobs — as I know you are, too.

On behalf of the millions of Pennsylvanians who are eager to see a more efficient, cost effective, and reliable grid in the long term, I strongly urge you to provide a longer transition period for AMT adoption in your final EPCA rulemaking.

Sincerely,

A handwritten signature in blue ink, appearing to read "Josh Shapiro", with a long horizontal flourish extending to the right.

Governor Josh Shapiro