

The Honorable Jason Smith
Chairman
House Ways and Means Committee
1139 Longworth House Office Building
Washington, D.C., 20515

The Honorable Richard Neal
Ranking Member
House Ways and Means Committee
1129 Longworth House Office Building
Washington, D.C., 20515

Re: Member Day Hearing on Matters Within the Committee's Tax Jurisdiction

Dear Chairman Smith and Ranking Member Neal:

Thank you for the opportunity to submit a statement regarding key issues under the House Ways and Means Committee's tax jurisdiction. Grid Action (GA) is a coalition of diverse stakeholders that advocate for policies to build out the interstate high-capacity electric power network. Our members include utilities, merchant transmission developers, energy generators, corporate customers, equipment manufacturers, labor advocates and environmental organizations. Collectively, we represent an industry working towards modernizing the U.S. electric grid that could unlock up to \$7.8 trillion in investment, create more than 6 million new jobs, and save American consumers over \$100 billion, reducing household electricity bills by more than \$300 a year.

Grid Action applauds President Trump and the 119th Congress' commitment to achieving American energy dominance, ensuring a reliable and affordable electricity supply, and supporting American manufacturers and workers. In order to achieve these shared objectives, we respectfully request that the Committee make electric transformers eligible for the Advanced Manufacturing Production Tax Credit (Section 45X).

Expanding Section 45X Eligibility to Include Electric Transformers

As eloquently stated by Rep. Miller-Meeks and Rep. McCormick at the Committee's January 22 Member Day Hearing, the Section 45X Advanced Manufacturing Production Tax Credit (45X) has been and can continue to be an invaluable policy tool for reshoring American manufacturing and de-risking covered supply chains. In its current form, 45X incentivizes the domestic manufacture of component parts and critical minerals for solar, wind and battery storage technologies. As a result, investment in domestic manufacturing for these technologies increased 686% between the second quarter of 2022 and the second quarter of 2024, according to the [Congressional Research Service](#).

In order to win the AI race against China and meet the surging power demand for all the data centers and advanced manufacturing facilities now being built in the United States, additional electricity generation will clearly be needed – as much as 128 GW over the next five years, or five times greater than thought just two years ago, according to [Grid Strategies](#).

But new power generation alone will not be enough. As Interior Secretary Burgum said during his nomination hearing, “It’s one thing to be able to generate that electricity, but if we don’t have the ability to transmit it to the places where it’s needed, that’s going to be a problem.” In its final [Interregional Transfer Capability Study](#) mandated by Congress in the Fiscal Responsibility Act of 2023 and released at the end of 2024, the North American Electric Reliability Corporation (NERC) quantified Secretary Burgum’s sentiment by recommending that an additional 35 GW of prudent additions to interregional transfer capacity be added to the grid in order to ensure electricity reliability during periods of peak demand and extreme weather events.

Securing all of the electric transformers needed to meet this pressing national priority has become an increasingly urgent challenge. The wait time to get a new transformer has doubled from 50 weeks in 2021 to two years today, with some larger power transformers taking up to four years to deliver, according to [Wood Mackenzie](#). Additionally, growing global demand has caused prices for electric transformers to rise by 60 to 80 percent. The [Department of Energy’s Office of Manufacturing and Energy Supply Chains](#) cites insufficient production capacity and limited upstream availability of grain-oriented electric steel and copper as among the principal reasons for the sharp price increases and lengthy delivery delays.

Much of the current global demand for electric transformers comes from China. According to [SAFE’s Center for Grid Security](#), China’s transmission development between 2014-2021 was 80 times greater than the United States, allowing China to take advantage of the full spectrum of its energy resources – including coal, solar and wind generation. [The OEC](#) reports that China is now by far the top exporter of electric transformers around the world and the largest exporter of electric transformers to the United States.

This marketplace dynamic, coupled with the United States’ lack of transmission development necessary to meet our future energy needs, runs the risk of undermining the security, reliability, and affordability of the electricity Americans want and deserve – including more than 500 military installations across the nation, 99% of whom rely on the commercial electricity grid to power their operations, according to [Converge](#).

The status quo is clearly unsustainable and incompatible with American energy dominance. An effective course correction is required. To win the AI race against China, meet our nation’s growing energy demands, and help secure our mission-critical supply chains, we urge the Committee to extend Section 45X eligibility to include electric transformers.

Please don’t hesitate to reach out with any questions, and thank you for your consideration of this recommendation. Grid Action appreciates your leadership under the Committee’s tax jurisdiction and welcomes the opportunity to work with Congress and the Trump Administration on the full range of our nation’s transmission and energy infrastructure priorities.