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## **The Biden Administration Adds the Electrical Industry to Its List of Sectors Using the “Defense Production Act” to Increase Domestic Production**

In a surprise move to the industry, the Biden Administration announced it would be using the “Defense Production Act” (DPA) to increase domestic production of clean energy products. The announcement is part of the Administration’s response to high energy prices, even though the actions taken will have a limited impact on current prices. According to the White House, the DPA will “accelerate domestic production of five key energy technologies: (1) solar; (2) transformers and electric grid components; (3) heat pumps; (4) insulation; and (5) electrolyzers, fuel cells, and platinum group metals.”

Specifically, on transformers and electric grid components, the DOE provided the following explanation of the purpose of the DPA announcement:

“The U.S. is highly reliant on foreign-sourced critical electric grid components. Traditional industrial efforts are insufficient to meet the unprecedented growth in electrification necessary to support U.S. decarbonization, defense against cyber-security attacks, and critical infrastructure maintenance, and are not positioned to respond to the demands of U.S. electricity needs in the near-term. By expanding the domestic production of transformers and critical grid components to enable the reliable and increased use of the electric power system, the U.S. would immediately enhance its domestic energy security, decrease vulnerability of U.S. infrastructure, and ultimately support climate security and stability worldwide. Supply chain delays are leading to wait times in rural and urban parts of the U.S. of up to two years for crucial grid components. Independent estimates indicate that we need to expand electricity transmission systems by 60% by 2030 and may need to triple it by 2050 to meet the country’s increase in renewable generation and expanding electrification needs. President Biden’s invocation of the DPA will support a robust domestic supply of modern grid components, which is necessary to strengthen and modernize the nation’s grid and will accelerate customers’ ability to get electricity from clean sources.”

As grid updates are made to allow for increased electrification, additional upgrades including service panels and outlet placements will be necessary within homes and businesses, allowing NAED members to work with contractor customers on upgrades.

## The Bipartisan Infrastructure Law's 180 Day Progress Update

The Biden Administration recently celebrated the six-month anniversary of the Bipartisan Infrastructure Law (BIL). As part of this process, the Department of Energy held a [webinar](#) hosted by Secretary Jennifer Granholm and Principal Deputy Under Secretary for Infrastructure Kathleen Hogan. The webinar consisted of department plans to work with “communities and industries in every pocket of the country” to implement \$62 billion dollars in clean energy investment by the end of the decade.

So far, the DOE has already released \$10 billion in funding. \$3.1 billion was funded to lower utility costs through Energy Efficiency home upgrades for millions of Americans through DOE's Weatherization Assistant Program. A program that services all 50 states by DOE grants, contracting with approximately 700 local organizations such as community action agencies, nonprofits, and local governments across the country. The other areas funded by the BIL include \$3.1 billion for American battery manufacturing and supply chains, \$2.4 for commercial-scale demonstrations of advanced nuclear reactors, \$1.2 billion for carbon-free nuclear facilities, \$11.2 million for state energy security plans, and \$1 million to support small-to-medium manufacturing companies for clean energy initiatives.

As funding for these programs rolls out to individual projects, there will be opportunities for NAED members to sell energy-efficient equipment and supplies. Members should follow local project announcements to take advantage of these funds.

More information on upcoming funding and DOE engagement opportunities can be found here:

<https://www.energy.gov/bil/bipartisan-infrastructure-law-programs>

## Fighting Against Tax Hikes on NAED Members

At the beginning of this year, NAED joined other small business associations in pushing back against some major tax threats. These threats, which came both in the form of Biden budget proposals and “payfor” options released by the tax committee, included:

- A new capital gains tax on unrealized gains due at death, repealing step up in basis
- Increasing rates across the board on small businesses, making the hated death tax even worse for multigenerational family businesses
- Instituting a new “wealth tax” which we believe would quickly be modified to hit even the middle class
- Rolling back the 199A small business tax deduction.

We helped make it difficult for the administration and Congress to settle on any of these tax hike options as negotiations came to a head at the end of last year. Even moderate Democrats wary of family farms and businesses being buried in new taxes organized opposition letters to many of these proposals.

Senator Joe Manchin (D-WV) and Kyrsten Sinema (D-AZ) have given themselves outsized influence in these negotiations by being consistent in opposing many of Biden's harmful tax hikes. Senator Manchin is now reportedly negotiating with Senate Majority Leader Chuck Schumer on a scaled down bill which still includes tax hikes but leaves out the most contested pieces by the small business community. Negotiations remain on shaky ground as Senator Manchin is in no hurry to ink an official deal and has become somewhat of a home-state hero in West Virginia for opposing the Build Back Better agenda. Senator Sinema has been consistent in opposing any rate hikes on both the corporate and small business side.

Coming deadlines at the end of September when budget reconciliation instructions expire (the same process through which Republicans passed their 2017 tax reform bill) may force some type of action this summer or fall. NAED remains committed to digging in against these harmful tax hikes and working with both parties to make permanent as many small business tax cuts as possible.

**For more information:**

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