January/February 2025

Trump Executive Orders on Energy and Regulation

Immediately following his inauguration, President Donald Trump signed 20 Executive Orders (EOs), addressing a range of priorities, including border policies, federal workforce directives, and energy issues.

Three of these orders had implications for energy policy: *Declaring a National Energy Emergency*, *Unleashing American Energy*, and *Putting America First in International Environmental Agreements*.

The *National Energy Emergency* EO declared inadequate domestic energy supply and infrastructure as threats to national security and economic stability. It directed federal agencies to use emergency authorities to expedite energy development, production, and distribution, including on federal lands.

The second EO, *Unleashing American Energy*, aimed to remove regulatory barriers hindering domestic energy production while promoting consumer choice. Agencies were instructed to review and eliminate regulations burdening energy development, encourage exploration on federal lands and waters, and reevaluate policies favoring specific technologies. This order also paused the disbursement of funds from the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA), requiring agencies to ensure alignment with new energy priorities, such as expanding resource exploration, producing rare earth metals, eliminating the electric vehicle mandate, and promoting consumer choice in appliances (including lightbulbs) and vehicles.

Observers believe incentives for electric vehicles and wind energy projects may face the most scrutiny during this review. For other initiatives, the administration is likely to take into account the impact of reversing specific projects, particularly if they have advanced and been leveraged with private capital.

The final energy-related EO, *Putting America First in International Environmental Agreements*, announced the immediate withdrawal of the U.S. from the Paris Agreement and other international climate commitments. It stressed that future agreements should prioritize economic efficiency and American prosperity.

Additionally, the President signed a broader EO, *Regulatory Freeze Pending Review*, instructing federal agencies to halt new regulations, withdraw unpublished rules, and delay the implementation of published ones by 60 days. This is a common practice for new administrations and is consistent with Trump's well-known aversion to regulations, building on his prior two-for-one policy (eliminating two regulations for every new one). This term, he aims for a more aggressive ten-to-one approach.

NAED Advocates in Washington, D.C. During Congressional Swearing-Ins

This month, NAED's Edward Orlet, Bud DeFlaviis, and Palmer Schoening met with newly elected members of the 119th Congress following their swearing-in ceremony. The team had the opportunity to engage with influential leaders shaping policy for the electrical distribution industry. Among them were Chairman Jason Smith (R-MO) and Adrian Smith (R-NE), both prominent members of the powerful Ways and Means Committee, which oversees tax and trade policies critical to our industry. Additionally, the team connected with Rep. Lloyd Smucker (R-PA), another Ways and Means member, and Rep. Robert Bresnahan Jr. (R-PA), who brings invaluable firsthand experience as a former electrical contractor and member of NECA.

The NAED team also met with staff from Rep. Nikki Budzinski's (D-IL) office to discuss her efforts to expand access to apprenticeship programs and address workforce shortages. These workforce initiatives are essential to ensuring the electrical distribution industry remains equipped to meet the growing demand for skilled professionals. Along with tax reform, permitting reform, and supply chain readiness issues, workforce legislation will be a major focus during the 119th Congress.

NAED's presence at high-profile swearing-in events in the Capitol reaffirms our commitment to advocating for policies that support industry growth, workforce development, and economic opportunity in this Congress. By fostering strong relationships with Congress, NAED continues to ensure the voices of our members are heard on Capitol Hill. We look forward to working with these leaders and others in Congress to build a strong future for the electrical distribution industry.

NAED and Industry Partners Urge Repeal of the Corporate Transparency Act

The National Association of Electrical Distributors (NAED), alongside more than 50 other associations representing millions of small businesses, has signed a letter in strong support of the Repealing Big Brother Overreach Act. The legislation aims to repeal the Corporate Transparency Act (CTA), a law that imposes an onerous reporting regime on small businesses across the United States.

Under the CTA, legal entities with 20 or fewer employees or $5 million or less in revenue—which includes most small businesses—are classified as "shell companies" and required to report extensive information about their beneficial owners (BOI) to the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). The definition of a beneficial owner is so expansive that it includes owners, senior management, board members, and even employees or outside consultants who exert significant control. Non-compliance carries harsh penalties, including significant fines and potential jail time, leaving Main Street businesses disproportionately impacted by this sweeping mandate.

Court cases have gone back and forth but currently, business owners are not required to file according to the FinCen Website.

NAED is proud to join this coalition in urging Congress to repeal the CTA and instead pursue a balanced approach that protects national security without burdening small businesses. The Repealing Big Brother Overreach Act represents an opportunity to prevent an overreaching and ineffective reporting regime from taking root, allowing lawmakers to craft policies that uphold the rights of small business owners while addressing legitimate concerns. NAED and its members remain committed to advocating for policies that support small businesses and the broader electrical distribution industry.

Supply Chain Bill Reintroduced in Congress

Senator Maria Cantwell (D-WA) and Senator Marsha Blackburn (R-TN) recently reintroduced the Promoting Resilient Supply Chains Act of 2025. The bill requires the Department of Commerce to monitor and respond to disruptions in critical industries and supply chains. Specifically, the office must establish a critical supply chain resiliency program to map, monitor, and model critical supply chains; identify high-priority supply chain gaps and vulnerabilities in critical industries; identify and evaluate the effect of potential supply chain disruptions on U.S. economic security; and collaborate with other governmental bodies and key international partners to identify opportunities to reduce supply chain gaps and vulnerabilities.

The Department must also establish an interagency group to respond to supply chain shocks and the office must designate critical industries, critical supply chains, and critical goods (precedent already exists through a Presidential Directive that determined electrical equipment manufacturers are considered a critical industry). Finally, the Department must facilitate the development of guidelines and best practices to reduce the risk of critical supply chain disruption.

Upon reintroduction, Wes Smith provided the following statement in support of the bill:

> *"NAED members provide vital goods and services that electrify the nation, and we are a vital part of the critical infrastructure supply chain. While our industry has made great progress to improve our resiliency since the pandemic, the Promoting Resilient Supply Chains Act will task the Department of Commerce to map, monitor, and model supply chain vulnerably to help avoid costly disruptions by providing an additional layer of oversight for the larger economy. We are grateful to Senators Cantwell, Blackburn, and Blunt Rochester for spearheading this important initiative."*

S-Corporation Tax Effort

NAED recently signed a coalition letter in support of making the section 199A deduction for S Chapter Corporations permanent. The bill, titled the Main Street Tax Certainty Act of 2025, was introduced in both chambers of Congress by Congressman Lloyd Smucker (R-PA) and Senator Steve Daines (R-MT). The 199A deduction is scheduled to sunset at the end of 2025, even as the businesses it supports continue to struggle with rising prices, labor shortages, and supply chain disruptions. A recent EY study found the loss of Section 199A would put 2.6 million jobs at risk.

Republican lawmakers have indicated they are working to include a permanent extension of these provisions in an upcoming reconciliation package that deals with tax policy, however, this standalone bill is not only a show of support, but provides a legislative backstop should reconciliation negotiations stumble.

Tariff Snapshot

Tariffs remain a fluid situation.

Leading up to and during the first week of the new Trump Administration, the president telegraphed his continued interest in re-instating numerous tariff measures, including a proposed 10% increase on Chinese goods (raising base tariffs to 60%) and a 25% tariff on Canadian and Mexican imports. On February 3, the president suspended the tariffs in Mexico and Canada for 30 days following commitments from both countries on border security. The President has further threats of tariffs extended to EU countries and BRIC nations (Brazil, Russia, India, China, South Africa, and others), with proposed tariffs reaching up to 100%. Excluding China, BRIC tariffs could affect $151 billion in U.S. imports, targeting key sectors such as fertilizers, aluminum, petrochemicals, industrial equipment, car parts, agricultural products, and consumer goods. Although initial tariffs are expected to be broad, the administration views them as negotiation tools, with teams analyzing which products may warrant exemptions.

During Trump's first term, the U.S. Trade Representative (USTR) processed over 52,000 tariff exclusion requests, granting approximately 35%, especially for essential items like industrial machinery, medical supplies, precision instruments, and manufacturing components. Early COVID-19 measures saw quick exemptions for medical products like face masks and syringes. Exclusions were based on factors such as product availability outside China, economic harm to U.S. interests, and strategic importance to Chinese programs. However, approval rates dropped for later tariff lists, emphasizing the importance of filing exclusion requests early. While transportation-related products faced high denial rates, industrial and medical goods saw higher chances of exemption. NAED is monitoring the tariff situation for all member companies, and President and CEO Wes Smith released the following statement:

> *"The electrical distribution industry is a vital conduit between electrical equipment manufacturers and electrical contractors.*
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> *Our network of more than 5,500 distributor* locations *and warehouses across every state and Congressional district, employs more than 500,000 Americans with great careers that are essential to building and powering America's homes, businesses, industrial facilities, and data centers.*
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> *We recognize that the President has used tariffs as a tool to rebalance trade practices, encourage domestic manufacturing, and achieve other policy objectives.*
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> *Regardless of this, we stand ready to work with the Trump Administration and Congress to find the right balance on trade and tariff policies that expand domestic energy production, promotes a resilient supply chain, and helps ensure our grid is strong enough to reliably support our growing economy."*

Advancing Power Plant Development for AI Data Centers

The federal government is accelerating efforts to build power plants co-located with artificial intelligence (AI) data centers, with President Donald Trump announcing plans to use emergency powers to streamline the approval process. Speaking at the World Economic Forum in Davos, Switzerland, President Trump emphasized the importance of these facilities to the nation's technological and economic future. The proposed initiative aims to fast-track the construction of energy infrastructure critical to powering AI advancements, removing bureaucratic delays, and ensuring rapid project execution.

At the forefront of this effort is the Stargate Project, a collaborative venture involving SoftBank, OpenAI, Oracle, and MGX. The initiative plans an immediate $100 billion investment to establish co-located data centers and power generation facilities, with an initial focus on Abilene, Texas. This strategy is designed to address the energy-intensive needs of AI technology while enhancing America's competitive edge globally. The co-location model represents an innovative approach to integrating energy and technology, ensuring a reliable and efficient power supply for the data centers.

Increased demand for electrical infrastructure, advanced components, and installation expertise will be critical to the success of these projects, particularly smaller-scale data centers that source their products from distributors. As policymakers work to advance this initiative, distributors must remain engaged in the conversation to ensure their role in supplying and supporting this new era of energy integration. NAED is committed to advocating for industry interests as this policy unfolds.

Thank you for staying engaged with our advocacy efforts and feel free to reach out to Bud DeFlaviis (Bud@NAED.org) or Ed Orlet (EOrlet@NAED.org) directly with any questions or comments.