



May 22, 2023

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Biden:

Thank you for your leadership and efforts to improve our nation's infrastructure, advance electrification, and support a strong domestic manufacturing base.

As organizations representing the electrical steel value chain, we are increasingly concerned about the skyrocketing demand and limited availability of domestically produced electrical steel, which is a core component to the industries and products that we represent and vital to expanding electrification in the United States. We write to urge your administration to make it clear that electrical steel is critical to the national and economic security of the United States and to prioritize actions that will create a sustainable supply.

To deliver on the ambitious goals and visions of the Infrastructure Investment and Jobs Act (IIJA), and Inflation Reduction Act (IRA), it is vital that the federal government recognize and support the domestic production of electrical steel to meet the unprecedented demand for electrification and grid modernization and resilience initiatives.

Electrical steel, including grain oriented electrical steel (GOES) and non-grain oriented electrical steel (NOES), is a vital component in the manufacturing of a range of critical electrical products. Electric motors, transformers, electric vehicle chargers, generators, and other critical electrical equipment all require electrical steel due to its unique properties that reduce power loss. Shortages of domestic electrical steel are contributing to significant and persistent supply chain challenges across our industries.

The limited availability of domestically manufactured electrical steel poses challenges to the widespread adoption of electric vehicles, delays timelines for utilities to restore power

following natural disasters, and is a contributing factor to an insufficient inventory of distribution transformers to meet the demand for new home and commercial construction.

As reported by the Department of Energy (DOE) in 2022, the United States is dependent on a single manufacturer for GOES, which severely limits electrical manufacturers' ability to source domestically and meet certain domestic content thresholds. While two domestic manufacturers have committed recently to increase GOES production, even with this expanded output, domestic supply levels will still fall far short to meet electrification goals and satisfy demand created by the IJJA and IRA. Further, plans to expand domestic steel capacity and manufacturing of critical electrical equipment, such as transformers, are now in flux as DOE contemplates new efficiency standards that would upend the market and manufacturing process.

Now is the time to demonstrate leadership by prioritizing the critical importance of electrical steel and growing domestic manufacturing jobs by working with Congress to put requisite financial resources toward shoring up domestic supply. The federal government can guarantee purchase of GOES and NOES up to a defined amount, as needed by critical electrical industries, to serve a more electrified economy as well as incentivize expanded manufacturing capacity.

As a first step, you should convene an "Electrical Steel Summit" to bring together stakeholders for a strategic discussion on the current challenges to sustaining and growing domestic production of electric steel. The Summit would bring together users and manufacturers of electrical steel such as electric utilities, electrical manufacturers, automobile manufacturers, steel manufacturers, labor unions, home builders and others to help solve the current supply chain crisis that threatens both the national security and economic outlook for the United States and to deliver on this Administration's goals for electrification and decarbonization.

We urge your Administration to make developing a sustainable supply of electrical steel in this country a top priority now and going forward. Thank you for your attention to this matter and we look forward to working with you and your Administration on implementing solutions.

Sincerely,

Alliance for Automotive Innovation
American Public Power Association
Edison Electric Institute
GridWise Alliance
International Brotherhood of Electrical Workers
Leading Builders of America
National Association of Home Builders

National Electrical Manufacturers Association
National Rural Electric Cooperative Association

Cc: The Honorable Janet Yellen, Secretary of the Treasury
The Honorable Gina Raimondo, Secretary of Commerce
The Honorable Jennifer Granholm, Secretary of Energy
Julie Su, Acting Secretary of Labor
Livia Shmavonian, Director, Made In America Office
John Podesta, Senior Advisor to the President