



August 27, 2026

Executive Order on Foreign Bulk-Power System Equipment

On August 26, 2026, President Trump signed [Executive Order 14420](#), declaring a national emergency over the risk that foreign-made equipment poses to the U.S. “bulk-power system” of the electric grid (69kV+ transmission and generation, not local distribution lines). The order’s fact sheet can be read [here](#).

The concern centers on equipment from countries under U.S. arms embargoes or sanctions that could contain hidden backdoors or be remotely disabled, creating a cyberattack and supply-disruption risk. This is a developing situation, and this Alert represents the best early guidance NECA can provide with the information available have at this time. More information will be forthcoming as the scenario evolves.

What’s Covered

The order applies broadly to bulk-power system electric equipment beyond firmware and other digital services, including but not limited to:

- Transformers, reactors, capacitors, voltage regulators
- Utility-scale/grid-connected inverters and battery storage
- Generators (large, small, backup), generation turbines
- High-voltage circuit breakers, automatic circuit reclosers
- Protective relaying, metering equipment, instrument transformers
- Industrial control systems (RTUs, PLCs, intelligent electronic devices), distributed control systems, safety instrumented systems
- Associated software, firmware, and remote access/maintenance capabilities
- Uninterruptable power systems

What it Does

- **Blocks new transactions:** Acquisition, import, transfer, or installation of covered equipment tied to a Covered Foreign Entity is prohibited going forward, once DOE determines it poses an undue security risk.
- **Reaches existing equipment:** The DOE can require identification, isolation, monitoring, disconnection, replacement, or removal of already-installed foreign equipment, servicing and software updates though the DOE must weigh reliability, safety, and availability of replacements first, and may phase in compliance.
- **Enforcement:** As stated, agencies can cancel pending and future transactions prohibited under the order, order the replacement of existing equipment, and use “other powers granted by the President of IEEPA” which hints that tariffs may play a role in enforcing the order.
- **Pre-qualified vendor list:** DOE is expected, but not confirmed, to establish a pre-qualification or exemption path, as it did under the 2020 order.



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- **Federal procurement:** Within 180 days, the DOE must recommend FAR (Federal Acquisition Regulation) changes to prioritize U.S.-manufactured energy infrastructure in federal contracts.
- **Rulemaking timeline:** The DOE has 120 days to publish implementing rules and definitions (including who exactly counts as a “Covered Foreign Entity”).

Actions for NECA Members

1. **Audit your supply chain.** Although enforcement processes and targets are as of yet unclear, it may be prudent to identify any bulk-power system equipment (per the list above) in current and pipeline projects such as transformers, switchgear, protective relays, SCADA/ICS components, inverters, battery storage, etc. and trace country of origin and ownership of the manufacturer, not just where it was shipped from.
2. **Flag sanctioned-country equipment.** As the list of proscribed sources has not yet been provided, it may be worth noting likely enforcement targets.
3. **Review active and pending contracts.** If a specified component gets swept up by a future DOE determination, it is recommended that you know now what your change-order and delay-claim rights look like before they come into play.
4. **Talk to owners/GCs early.** Communication is recommended on jobs involving substations, generation interconnection, or utility-scale storage as this order encompasses that scope of work, and installation itself (not just procurement) is a covered transaction.
5. **Watch for the DOE rulemaking** (due by ~December 24, 2026). The actual enforcement mechanics, licensing process, and Covered Foreign Entity list will come from these processes, not from the EO text itself.
6. **Prepare for additional work:** Set against the compliance burden, the order could also generate incremental installation work. The order’s direction to inventory and replace existing foreign equipment may drive utilities and other asset owners to pursue new projects which could serve as a source of near-term demand.
7. **Don’t assume distribution work is exempt.** The order excludes “local distribution,” but substations and interconnection equipment at 69kV+ are in scope.

Legislative and Regulatory Next Steps

- **DOE rulemaking (120 days):** This is the near-term action to watch as it will define “Covered Foreign Entity,” set licensing/exemption procedures, and likely publish the pre-qualified vendor list.
- **FAR Council action (within 90 days of DOE's recommendations, ~Q2 2027):** Federal procurement rules will shift to favor domestic energy equipment manufacturers, which could affect any contractor work tied to federal facilities or federally funded projects.
- **Congressional reporting, not legislation, in the near term:** IEEPA/NEA emergency declarations require periodic reports to Congress but don’t themselves need congressional approval. Congress could pass a resolution to terminate the emergency, but that’s unlikely.



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- **Possible follow-on legislation:** Given the precedent of the 2020 grid security EO under the first Trump term (which this order explicitly builds on), watch for renewed interest in codifying bulk-power system supply chain restrictions into statute, which would make the restrictions more durable than an executive order.
- **Litigation risk:** Equipment owners/importers facing forced replacement of already-installed gear may challenge DOE determinations, which could slow implementation on the compliance side.

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