

What Bulk-Power Gear Import EO Means For US Energy Cos.

By **Harry Clark, Jeanine McGuinness and Cameron Hughes** (September 10, 2026)

On Aug. 26, President Donald Trump issued Executive Order No. 14421, which directs the secretary of energy to impose new restrictions on certain foreign-produced bulk-power system electrical equipment.[1]

Citing national security threats to the U.S. power grid, the executive order mandates prohibitions on the importation and installation of bulk-power system equipment produced in and sourced from certain countries — most notably China — that the secretary of energy determines present certain types of security risks.

The executive order directs the secretary of energy to issue implementing regulations by Dec. 24. It imposes no immediate obligations on private parties.

But its potential consequences for power system equipment procurement merit close scrutiny by energy suppliers, developers and contractors, given the U.S.' reliance on imports for much of its bulk-power system equipment.

Project developers and power offtakers can take near-term steps to mitigate supply chain and contractual risks. Much of the order's ultimate impact, however, will depend on clarifying regulations and other guidance from the U.S. Department of Energy.

Scope of the Order

The executive order applies to certain transactions involving foreign-produced bulk-power system electric equipment from covered foreign entities to the extent that the secretary of energy determines that a transaction meets certain national security-related criteria.

In practice, the order could cover a vast portion of equipment used for the U.S. electrical grid.

Equipment

"Bulk-power system electric equipment" is defined broadly as items used in bulk-power system substations, control rooms or power generating systems.

These include reactors, capacitors, substation transformers, utility-scale and other grid-connected inverters, battery energy storage systems, generators, and industrial control systems.

The term could also cover associated software and firmware with remote access capabilities.

The order prohibits the acquisition, importation, transfer or installation of foreign-produced



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bulk-power system electric equipment by any U.S. person initiated after the date of the order, if the secretary of energy determines that:

- The transaction involves bulk-power system equipment — or any associated critical component, software, firmware, digital or maintenance service, or remote-access capability — designed, developed, manufactured or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of a covered foreign entity; and
- The transaction:
 - Poses an undue risk of sabotage, subversion, unauthorized access, malicious remote action or supply disruption to the bulk-power system;
 - Poses an undue risk of catastrophic effects on the security or resilience of the U.S. economy or critical infrastructure; or
 - Otherwise poses an unacceptable risk to U.S. national security or the safety of U.S. persons.

While the order's prohibitions do not apply to the acquisition, importation, transfer or installation of any equipment prior to Aug. 26, the secretary of energy may later place conditions on the continued maintenance and operation of already-imported equipment, as discussed further below.

Covered Suppliers and Manufacturers

A "covered foreign entity" is defined as a country or a person owned by, controlled by, or subject to the jurisdiction or direction of a government of a foreign country that is subject to a U.S. arms embargo or sanctions regime under the International Traffic in Arms Regulations, or that the secretary of energy later determines has engaged in conduct posing a threat to U.S. national security or foreign policy.

Countries currently covered by the definition include, most notably, China and Russia.

The secretary of energy may prohibit the importation or installation of bulk-power system electrical equipment designed, developed, manufactured or supplied by persons owned by, controlled by, or subject to the jurisdiction or direction of the Chinese government — subject to limited exceptions, if he or she makes certain risk determinations.

Implementation and Next Steps

The executive order's implementing regulations are likely to include criteria for determining whether certain equipment poses a national security risk.

The regulations may include conditions on the continued use, operation, maintenance, servicing or updating of already-installed equipment — including requirements to identify, isolate, monitor, secure, disconnect, replace or remove such equipment.

The secretary of energy may also establish and publish a list of prequalified equipment and vendors that are exempt from the executive order's import and installation ban.

Previously, following a similar executive order from 2020 that expired before regulations

were issued,[2] the DOE considered prequalifying components that support defense-critical electric infrastructure and other infrastructure central to meeting grid reliability.[3]

Potential Consequences for Bulk-Power System Development

Depending on DOE regulations and guidance, the executive order's inclusion of Chinese-produced equipment has the potential to significantly affect the bulk-power import market.

According to a recent analysis, China accounts for a majority of U.S. imports of bulk-power equipment since the beginning of 2025.[4] The market for some equipment already in short supply, like 100 megavolt-ampere power transformers, may see that shortage worsen.

One potential impact is uncertainty regarding contracts that directly or indirectly involve procurement of equipment designed, developed, manufactured or supplied by parties connected to China and certain other countries, including offtake, procurement and construction contracts.

Many procurement, contracting and compliance obligations will not become clear until after the secretary of energy promulgates regulations or releases guidance, including any list of prequalified equipment and vendors.

Parties should consider steps to mitigate risk. Useful steps include:

- Identifying which bulk-power system electric equipment they procure is foreign-produced — that is, manufactured, produced and assembled outside the U.S.;
- Determining whether suppliers or manufacturers of foreign-produced equipment are owned by, controlled by, or subject to the jurisdiction or direction of China or another covered foreign government; and
- Determining whether the relevant equipment contains critical components, software or firmware designed, developed, manufactured or supplied by any such entities.

Contractual protections in supply contracts could also help mitigate the uncertainty of the executive order and associated risks to developers.

Parties can leverage force majeure and change-in-law definitions, and try to obtain cost and schedule relief for covered supply chain delays and other disruptions.

Because power purchase agreements and other offtake contracts rarely afford sellers of energy cost relief for force majeure or change in law, owners may want to negotiate an express right to schedule relief due to the potential effects of the executive order.

While the specific provisions in contracts for potentially affected parties will vary based on the circumstances and bargaining power of the parties, it would be prudent for owners, contractors and vendors to address these issues in their negotiations.

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[1] <https://www.govinfo.gov/content/pkg/FR-2026-08-31/pdf/2026-17843.pdf>.

[2] <https://www.govinfo.gov/content/pkg/FR-2020-05-04/pdf/2020-09695.pdf>.

[3] <https://www.federalregister.gov/documents/2020/07/08/2020-14668/securing-the-united-states-bulk-power-system>.

[4] <https://www.woodmac.com/press-releases/us-executive-order-banning-chinese-bulk-power-equipment-set-to-worsen-critical-transformer-shortage/>.