

Buy American Compliance for Distribution Transformers

Regulatory Requirements & Compliance

VanTran products may be eligible for preference from the U.S Government and its agencies and Federally-funded infrastructure projects under specific U.S. Federal Acquisition Rules (FAR). Our products can also be made to bear the "Made in USA" label. There are two primary laws that drive preference for our products; the Build America, Buy America Act (BABAA) established as part of the Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA), as well as the Buy American Acts (BAA) of 1933.

Recent legislative initiatives have introduced over 20 tax incentives to encourage clean energy and domestic manufacturing, fostering increased investments in communities, workers, and private sector ventures, along with facilitating access to specific clean energy tax incentives.

The BAA pertains to direct procurements by the U.S. Federal Government and its agencies. The BABAA extends to purchases of iron, steel, manufactured products, and construction materials permanently integrated into infrastructure endeavors. The BABAA broadens the scope of BAA to encompass other infrastructure initiatives supported by federal grants, including transmission facilities and structures, as well as equipment for electrical utilities. Buy America initiatives must be executed by the Federal government, its agencies, U.S. states and municipalities utilizing funds provided by designated U.S. Federal Departments and Agencies.

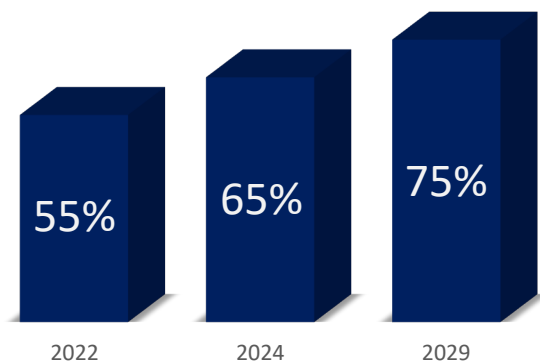
Buy American Act (BAA)

Public Law 73-252

The purpose of the Buy American Act is to promote the purchase of American-made goods by requiring that a certain percentage of components used in federal government funded projects be domestically produced.

The following are required to be BAA compliant:

- Manufacture the product within the United States
- Ensure the components' cost, utilized in product fabrication, meets the stipulated minimum U.S. content thresholds in relation to the total cost of all components:
 - 55% at the time of delivery in 2022.
 - 65% at the time of delivery in 2024.
 - 75% at the time of delivery in 2029.



Inflation Reduction Act (IRA)

Public Law 117-169

The Inflation Reduction Act, passed in 2022, aims to address climate change, lower prescription drug costs, and make investments in domestic energy production and manufacturing. It includes significant funding and tax credits for clean energy projects and domestic manufacturing.

The following are required to be IRA compliant:

- Any distribution transformers used in projects receiving IRA funding must be manufactured entirely within North America (United States, Canada, or Mexico).
- At least 40% of the value of the minerals, including critical minerals, used in the production of distribution transformers must be extracted or processed in the United States or a country with which the U.S. has a free trade agreement.

Infrastructure Investment & Jobs Act (IIJA)

Public Law 117-58

The Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law, was passed in 2021 with the goal of investing in and rebuilding America's infrastructure. This includes projects related to transportation, utilities, broadband, and more. The IIJA and the IRA both provide funding in the form of grants for clean energy initiatives and electricity infrastructure improvements; the IIJA and IRA have allocated billions in targeted spending to facilitate the energy transition to more efficient transformers and energy transmission.

The following are required to be IIJA compliant:

- Manufactured in the United States.
- Currently, at least 65% of the iron and steel used in the production of distribution transformers must be sourced domestically, meaning produced in the United States. Products delivered in 2029 and thereafter will require at least 75% domestic content.

Build America, Buy America Act (BABAA)

Public Law 117-58 - Title IX

The BABAA requirements traditionally extend to public works transportation and water-related infrastructure. The IIJA expands the BABAA coverage to other infrastructure projects funded by federal grants, including transmission facilities; structures and equipment of electric utilities; broadband infrastructure; and real property and buildings. Other projects may be covered; for example, the IIJA authorizes federal funding for an expanded clean school bus program. Although the program authorized in the IIJA to fund purchases of electric school buses by local school districts contains no explicit Buy America references, EPA may determine that Buy America requirements will extend to these items as well.

The following are required to be BABAA compliant:

- Manufacture the product within the United States; and
- Ensure that 65%+ of any iron or steel used in the production of distribution transformers must be produced in the U.S. unless they are not available domestically or increase overall cost by more than 25%.



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