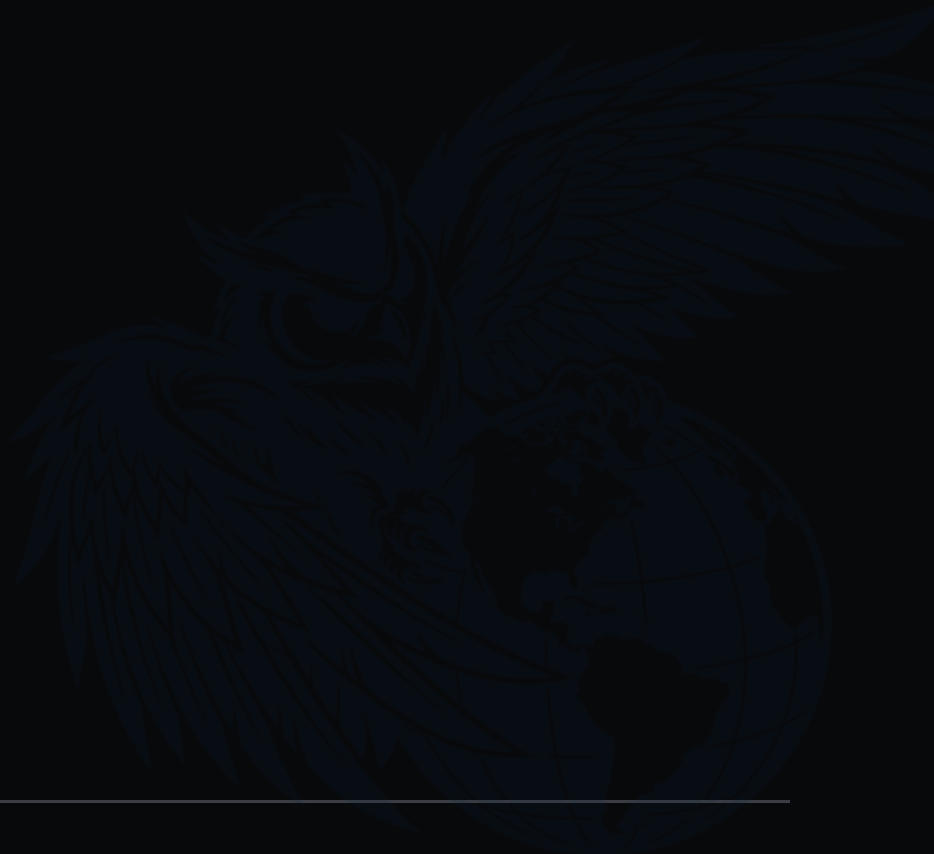

PUBLISHED MARKET RESEARCH

Grid Gear Bottleneck: Transformer, Switchgear and Generator Lead Times, and What They Mean for 2027 Bid Pricing

Prices are rising again in steps, order books are still growing,
delivery slots are scarce and some imports may be barred

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Grid Gear Bottleneck: Transformer, Switchgear and Generator Lead Times, and What They Mean for 2027 Bid Pricing

Prices are rising again in steps, order books are still growing, delivery slots are scarce and some imports may be barred

Grid equipment is getting dearer again and no quicker to obtain: official transformer prices stepped up in July and switchgear prices in August, manufacturers' order books are growing faster than their output, the import tariff on listed grid equipment is set to rise for deliveries that slip into 2028, and a new executive order lets the Department of Energy bar some imported grid equipment outright.

Grid equipment is getting dearer again and no quicker to obtain. The official switchgear series, which also covers industrial controls, is rising fastest, and transformer prices, which sat on a plateau through the first half of the year, took another discrete step up in July. Manufacturers' order books grew faster than their sales through midyear, and the largest turbine maker is now selling delivery slots into the next decade. Bids priced now for work next year are exposed wherever equipment is carried as a fixed quote and not as an indexed line tied to a reserved manufacturing slot, and deliveries that slip past the end of 2027 face a scheduled tariff step from 15% to 25%. Imported gear carries a second and harder risk: an executive order of 26 August 2026 lets the Department of Energy prohibit equipment tied to covered foreign entities, with rules due by late December, so for some suppliers the question is eligibility, not price. The price release in mid October, the equipment makers' quarterly results late in the month and the Department's rules will test this read.

HEADLINE INDICATORS

+12.3% SWITCHGEAR, SWITCHBOARD AND INDUSTRIAL CONTROLS PRODUCER PRICES, TWELVE MONTHS TO AUGUST 2026	+7.6% TRANSFORMER AND POWER REGULATOR PRODUCER PRICES, TWELVE MONTHS TO AUGUST 2026	116 GW GE VERNOVA GAS TURBINE BACKLOG AND SLOT RESERVATIONS AT THE END OF JUNE 2026
128 weeks AVERAGE POWER TRANSFORMER LEAD TIME IN THE WOOD MACKENZIE SURVEY FOR THE SECOND QUARTER OF 2025	15% UNITED STATES TARIFF ON LISTED IMPORTED GRID EQUIPMENT THROUGH 31 DECEMBER 2027, RISING TO 25% FROM 1 JANUARY 2028	120 days DEADLINE FROM 26 AUGUST 2026 FOR THE DEPARTMENT OF ENERGY'S RULES BARRING BULK-POWER EQUIPMENT TIED TO COVERED FOREIGN ENTITIES

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CENTRAL JUDGMENT

The grid equipment squeeze has moved from a transformer shortage to a broader shortage of manufacturing slots. Transformer prices move in discrete, repeated steps and took another one in July, switchgear prices are now rising fastest, and large gas turbines are sold years ahead at prices the official index is unlikely to have recorded yet. For a bidder the risk in next year's pricing is therefore the gap between the day a bid is fixed and the day the equipment order is placed: the longer that gap, the more of the price rise, the slot risk and, for deliveries after 2027 or for imported gear whose tariff listing is unconfirmed, the tariff the bidder carries. For imported gear from or tied to covered foreign countries, a new executive order adds a risk that no price clause covers: the transaction itself may be barred.

KEY JUDGMENTS

- | | | |
|-------------|--|-----------------|
| KJ-1 | <p>Grid equipment prices are rising again, led by the switchgear series, and a bid for next year's work should not treat the flat transformer pricing of the first half of this year as a floor, because it was a plateau between discrete steps, not a new level. The steps may be demand-led or may be one-off pass-through of the April 2026 metals tariff regime and of electrical steel and copper costs, and on either reading the direction holds: the switchgear series rose 3.2% in April, the month the reduced grid equipment rate took effect, and rose again in July and August, while the transformer series stepped up in July and was flat in August. The official series and the manufacturers' filings are independent Tier 1 sources that point the same way, with the filings showing demand still running ahead of output, which is evidence of pressure on price though not a measure of it.</p> | HIGH |
| KJ-2 | <p>Lead times for large power transformers and medium voltage switchgear are unlikely to shorten materially before the end of next year, and no 2026 source we read shows easing, though the last independent survey, for the second quarter of 2025, recorded small quarterly falls of weeks from lead times of two to three years. The strong growth in switchgear orders suggests switchgear may not be the first to ease, while smaller announced expansions could ease mid-size transformers sooner than the largest units; backlog measured in dollars includes price and so overstates volume growth, but order growth of the size the manufacturers report is too large to be mostly a price effect. Order intake still exceeded shipments at midyear, so easing next year would need intake to fall sharply first, but the newest independent survey figure is more than a year old.</p> | MODERATE |
| KJ-3 | <p>Gas turbines are the tightest line, most clearly for large heavy-duty units, and the price a bidder will pay for a new turbine is likely running well ahead of the official turbine price index. Turbine orders stood well above global manufacturing capacity at the end of last year, and even if orders peak in 2026 as Wood Mackenzie expects, slots sold into the next decade keep the line tightest through any 2027 bid. The price view rests on two independent pointers, the largest maker's chief executive describing price growth on new bids of 10% to 20% a year and Wood Mackenzie's forecast of turbine prices reaching USD 600 per kW by the end of 2027, against the index's annual rate of 5.5%, but the first is a single trade press report of a spoken remark and the index also covers steam and hydraulic turbines.</p> | MODERATE |

KJ-4	Imported grid equipment carries two separate risks for a 2027 bid. The first is the tariff: for listed equipment it is a known 15% through 2027 with a scheduled step to the standard derivative rate of 25% from 1 January 2028, so its exposure sits with deliveries that slip into 2028 plus the risk that the rate or the list is amended, while imported switchgear is not confirmed on the reduced list and may already pay 25%. The second is eligibility: Executive Order 14421 of 26 August 2026 lets the Secretary of Energy prohibit the acquisition, import or installation of listed equipment tied to a covered foreign entity, including substation transformers, high voltage circuit breakers, protective relaying, generators and generation turbines, notwithstanding earlier contracts, with implementing rules due by about 24 December 2026, so for gear from or tied to covered countries the exposure in 2027 is a possible bar on the transaction rather than a cost that can be priced. The tariff reading rests on the published text of the April and June proclamations and the eligibility risk on the order's own Federal Register text, but which countries and persons will be covered is not yet determined, which holds the judgment at Moderate.	MODERATE
KJ-5	The largest standby generator sets now carry lead times close to those of substation transformers, and as certified emergency engines they are limited by federal emission rules to short non-emergency running hours, so they do not offer a quick route around a late grid connection. Smaller sets in parallel are available on shorter but still long lead times, and rental and mobile units, which for continuous running would need to be prime-rated and emissions-compliant, are a possible quick route whose availability is unreported. The only current lead time figures are a single contractor's procurement data that we could not corroborate in an independent source, and no source we read reports lead times for rental or mobile units.	LOW

KEY STATISTICS

434.493 index points BLS producer price index for transformers and power regulators on a base of 1982 equal to 100, August 2026 ¹	7.6 percent Rise in the transformer and power regulator price index over twelve months, August 2026 ¹	430.247 index points BLS producer price index for switchgear, switchboard and industrial controls equipment on a base of 1982 equal to 100, August 2026 ²	12.3 percent Rise in the switchgear, switchboard and industrial controls price index over twelve months, August 2026 ²
5.5 percent Rise in the turbine and turbine generator set price index over twelve months, August 2026 ³	116 GW GE Vernova gas power equipment backlog plus slot reservation agreements, 2026-06-30 ⁵	40.6 USD billion GE Vernova Electrification equipment backlog, 2026-06-30 ⁵	128 weeks Average power transformer lead time in the Wood Mackenzie survey, second quarter of 2025 ¹¹
44 weeks Average switchgear lead time in the Wood Mackenzie survey, second quarter of 2025 ¹¹	25 percent Tariff rate scheduled for listed grid equipment from 1 January 2028, 2026-04-09 ²²		

Scope and method

METHOD

This paper covers the supply of three classes of electrical equipment to buyers in the United States: transformers, switchgear and generation equipment (gas turbines and engine generator sets). It was first written on 2 October 2026 and revised on 7 and 8 October 2026 from public sources: the producer price series of the Bureau of Labor Statistics as carried by Federal Reserve Economic Data, the second quarter 2026 filings of four equipment makers on SEC EDGAR, the text of two presidential proclamations and of an executive order in the Federal Register and in GovInfo, a Department of Energy request for information in the Federal Register, the federal emission rule for stationary engines as carried by Cornell LII, the published research notes of Wood Mackenzie, the reporting of Utility Dive and a press release of the Energy Information Administration. The executive order on bulk-power system equipment is numbered 14421 in its Federal Register text; some summaries number it 14420, and we use the official number. Twelve-month and multi-year percentage changes in the price series are our own arithmetic on the published index values. The producer price indexes are broad commodity series and are not built to track a single quote for medium voltage switchgear or a large power transformer, which moves with each maker's price letters and metal surcharges, and because they record the prices of current shipments, many under contracts signed earlier, they can lag the quotes a bidder receives in either direction: we use them for direction and for escalation clauses, not as a quote. Backlog reported in dollars includes price, so its growth overstates growth in volume. Two sources outside our approved set

are used and marked: a contractor's published lead time table and a manufacturer's investor calendar. Neither carries a judgment above Moderate confidence. Lead time evidence is weaker than price evidence: the newest survey figure we could read dates from the second quarter of 2025. Quote validity, deposit terms, slot reservation fees and cancellation terms, where much of the commercial risk in a bid sits, are not reported in any public source we read. No client-attributable material is used.

SECTION 01 • ASSESSMENT

Prices: the official series have stepped up again

Switchgear now leads and transformers have taken another step.

The BLS producer price index for transformers and power regulators stood at 434.493 in August 2026, on a base of 1982 equal to 100. That is 7.6% above August 2025 and 87.4% above August 2019.¹

The same index has moved in discrete steps with flat months between them: it rose 3.8% in October 2025, moved only between 415.235 and 416.959 from December 2025 to June 2026, with no step in January or April 2026, rose 4.2% in July 2026, to 434.315, and was flat in August 2026.¹

The BLS producer price index for switchgear, switchboard and industrial controls equipment stood at 430.247 in August 2026, on a base of 1982 equal to 100. That is 12.3% above August 2025, 85.7% above August 2019 and 2.4% above its July 2026 level of 420.184.²

The switchgear index rose 3.2% in April 2026, from 400.032 in March to 412.878, was flat in May and June 2026 and rose again in July and August 2026.²

The 15% rate for listed grid equipment took effect on 6 April 2026, the month of the switchgear step, under a proclamation that also set rates on steel, aluminum and copper content.¹⁵

The switchgear series is a broad commodity index: by its title it covers switchboards and industrial controls equipment as well as switchgear, so it may not track quotes for medium voltage grid switchgear closely, as of August 2026.²

The BLS producer price index for turbines and turbine generator sets stood at 303.585 in August 2026, 5.5% above August 2025.³

Wood Mackenzie wrote on 17 October 2025 that transformer prices had stabilised after large increases between 2021 and 2024.¹⁹

Wood Mackenzie's note of 13 August 2025 put the rise in unit costs since 2019 at 45% for generation step-up transformers, 77% for power transformers and 78% to 95% for distribution transformers.¹²

UNKNOWN: BLS does not publish the cause of the steps in either index. Whether the April switchgear step and the July transformer step reflect tariff and metal cost pass-through, annual price letters, demand-led repricing or a change in the sample of reporting firms cannot be told from

the public series, and with only two transformer steps nine months apart the timing of the next one cannot be read from the pattern.

UNKNOWN: BLS does not publish how much of the switchgear series is grid switchgear and how much is industrial controls, so the share of the August rise that comes from medium voltage grid gear cannot be told from the public series.

ASSESSMENT • HIGH CONFIDENCE

Equipment prices are rising again, in discrete steps for transformers, and the switchgear series has replaced transformers as the fastest-rising line, though that series also covers industrial controls; the steps may be one-off pass-through of tariffs and metal costs as well as demand, but the levels they leave are not a floor a bidder can rely on. The official series and the manufacturers' own filings are independent of each other and point the same way, with the filings showing demand ahead of output rather than measuring price.

SECTION 02 • ASSESSMENT

Lead times: years for large transformers, a year or more for switchgear

The newest survey evidence is old, and the newer evidence is anecdotal.

Wood Mackenzie's survey for the second quarter of 2025, published on 15 October 2025, put average lead times at 143 weeks for generation step-up transformers, 128 weeks for power transformers and 44 weeks for switchgear, and recorded small falls on the previous quarter for power transformers and switchgear.¹¹

Wood Mackenzie estimated on 13 August 2025 that United States supply fell short of demand by 30% for power transformers and 6% for distribution transformers, and that imports met about 80% of power transformer supply and about 50% of distribution transformer supply.¹²

Utility Dive reported on 24 April 2026 the account of a data center developer's director of engineering, procurement and construction: switchgear, transformers and generators were all running extended lead times, with medium voltage switchgear often at 40 to 60 weeks or more.¹⁴

A contractor's lead time table dated 10 June 2026 gave 60 to 80 weeks for metal-clad switchgear at 15 kV to 27 kV, 78 to 104 weeks for 38 kV switchgear, 85 to 110 weeks for substation transformers of 25 MVA to 50 MVA and 100 to 150 weeks or more for generation step-up transformers of 50 MVA to 150 MVA.¹⁸

Wood Mackenzie counted about USD 1.8 billion of announced transformer capacity expansion in North America from 2023 to August 2025, much of it in plants smaller than the largest announced projects.¹²

Utility Dive reported on 4 September 2025 that Hitachi Energy's USD 457 million transformer plant in Virginia is expected to start production in 2028.¹⁶

UNKNOWN: No source we are permitted to rely on has published a survey-based lead time for transformers or switchgear taken in 2026. The current figures above come from one developer's account and one contractor's table. The survey's switchgear average and the contractor's range for metal-clad gear do not measure the same products, so they show neither lengthening nor shortening. How much of the smaller announced capacity is already producing is also not stated in any source we read.

ASSESSMENT • MODERATE CONFIDENCE

Lead times for large transformers and medium voltage switchgear have not shortened materially and are unlikely to do so before the end of 2027, and no 2026 source we read shows easing: the small quarterly falls in the last survey were weeks off lead times of two to three years, switchgear has the shortest lead time of the lines surveyed but its fast-rising prices and order growth suggest it may not be the first to ease, and smaller expansions that start before the Virginia plant could ease mid-size transformers sooner than the largest units. Manufacturers' order intake still exceeded shipments at midyear, so easing would need intake to fall sharply first, but the newest independent survey figure is more than a year old.

SECTION 03 • ASSESSMENT

Order books: backlog is still growing faster than output

Most of the filers we read report orders running ahead of sales.

GE Vernova reported on 22 July 2026 that its gas power equipment backlog and slot reservation agreements grew from 100 GW to 116 GW during the second quarter of 2026. It signed 20 GW of new gas equipment contracts in the quarter, of which 18 GW were slot reservations, shipped 3 GW, and said it now anticipates at least 125 GW by the end of 2026.⁵

The same release put the equipment backlog of GE Vernova's Electrification segment at USD 40.6 billion at 30 June 2026, up USD 16.6 billion or 69% on a year earlier, with higher volume in switchgear and transformers.⁵

Utility Dive reported on 23 July 2026 that GE Vernova was taking reservations for deliveries in 2031 and that it plans to raise annual gas turbine output from 20 GW to 30 GW by 2030.⁶

Eaton reported on 31 July 2026 record second quarter sales of USD 4.0 billion in its Electrical Americas segment, up 18% organically on the second quarter of 2025. Orders in the segment over the twelve months to June 2026 were up 41% organically, its backlog was up 33% on June 2025, and the book-to-bill ratio of Eaton's electrical businesses over twelve months was 1.2.⁸

Powell Industries, a switchgear maker, reported net bookings of USD 934.2 million in the quarter ended 30 June 2026, up 158% on a year earlier. Its backlog reached USD 2.4 billion at 30 June 2026, up 35% from USD 1.8 billion at 31 March 2026, and it expects about USD 1.3 billion of that to convert to revenue within twelve months.⁹

Caterpillar's second quarter 2026 results release of 4 August 2026 states no backlog figure for its Power and Energy segment.¹⁰

UNKNOWN: How much of the manufacturers' backlog and slot reservations is held for data center projects that could be deferred or cancelled is not stated in any filing we read. Slot reservations are softer commitments than firm orders, and the terms on which they can be released are not public. Backlog and bookings reported in dollars include price, and the filings we read do not split their growth into price and volume.

ASSESSMENT • HIGH CONFIDENCE

Supply did not catch up with orders in the first half of 2026: three of the four filers we read, GE Vernova, Eaton and Powell Industries, report orders or backlog growing faster than sales, while Caterpillar states no backlog, and growth of this size is too large to be mostly a price effect even though dollar backlog includes price. Backlog growth is evidence of demand rather than of price, and reservations can be deferred, but the evidence is the companies' own filed figures and the three report independently of each other.

SECTION 04 • ASSESSMENT

Generation equipment: turbines sold into the next decade, engines following

The quick route around a late grid connection is narrowing for the largest units.

Wood Mackenzie reported on 1 April 2026 that global gas turbine orders stood at 110 GW at the end of 2025 against global manufacturing capacity of 60 GW to 70 GW. It expects turbine prices to reach USD 600 per kW by the end of 2027, a 195% increase since 2019, and it expects turbine orders to peak in 2026.¹³

Utility Dive reported on 23 April 2026 that GE Vernova's chief executive described prices on new turbine bids as growing 10% to 20% on a year earlier. This is the only source we found for that figure, and it is a trade press report of a spoken remark.⁷

The BLS turbine price index rose 5.5% in the twelve months to August 2026, so the reported 10% to 20% on new bids is roughly twice to nearly four times the index's rate. By its title the index covers turbines and turbine generator sets of all kinds, including steam and hydraulic turbines as well as gas, as of August 2026.³

The reported price growth dates from April 2026 while the index reading is for August 2026, and our view that the index mainly reflects prices of current shipments, many under contracts signed earlier, is our inference from how producer prices are collected and is not stated by the source.^{3,7}

Caterpillar reported on 4 August 2026 sales and revenues of USD 20.5 billion for the second quarter of 2026, up 24% on the second quarter of 2025. Sales in its Power and Energy segment were USD 8.238 billion, up 17%, with higher sales of large reciprocating engines and of turbines, primarily for data center applications.¹⁰

A contractor's lead time table dated 10 June 2026 gave 62 to 82 weeks for diesel generator sets of 2,500 kW to 3,500 kW and 90 to 110 weeks for sets of 3,500 kW to 4,500 kW.¹⁸

The federal emission standards for stationary compression ignition engines allow an emergency engine unlimited running in emergencies but limit it to 100 hours a calendar year for maintenance and testing, of which up to 50 hours may be in non-emergency situations, and prohibit any other operation, as read on 8 October 2026.²⁷

The Energy Information Administration said on 9 September 2026 that it expects United States electricity sales of 4,135 billion kWh in 2026, almost 2% above 2025, and 4,211 billion kWh in 2027, with data center development and manufacturing driving the growth.¹⁷

UNKNOWN: No source we are permitted to rely on gives a current lead time for large engine generator sets. The Caterpillar release we read states no backlog or lead time figure. Lead times and availability for rental and mobile units, for aeroderivative and smaller industrial turbines and for reciprocating gas engines are not reported in any source we read, and how far data center demand already contests rental fleets of prime-rated units is not reported either.

ASSESSMENT • MODERATE CONFIDENCE

Gas turbines are the scarcest line of the three, most clearly for large heavy-duty units, and the official turbine price index likely understates what a new buyer pays, while the largest standby sets offer no quick bridge, both because of their lead times and because emission rules limit emergency engines to short non-emergency running: smaller parallel sets are available on shorter but still long lead times, and prime-rated rental and mobile units are a possible quick route whose availability is unreported. Orders well above manufacturing capacity and slot reservations into the next decade make turbines plainly the tightest line, and the price gap is supported by both a reported remark and an independent price forecast, but the remark is single-sourced, the index is broader, and the engine generator lead times rest on a single uncorroborated table.

SECTION 05 • ASSESSMENT

Imports: a fixed tariff through 2027, and a new risk of being barred

The tariff is a known cost with a known successor, but a new order can stop some imports outright.

Proclamation 11021, signed on 2 April 2026 and published in the Federal Register on 9 April 2026, sets for the products listed in its Annex III, through 31 December 2027, a duty of 15% where the product's ordinary rate is lower, 10% for articles made wholly from United States metal and 25% for goods from countries without normal trade relations.²²

Under the same proclamation, from 1 January 2028 the products listed in Annex III move to the standard rate for derivative articles, which is 25%.²²

Utility Dive reported on 3 April 2026 that the proclamation set a 15% tariff on certain industrial equipment and electrical grid equipment, effective 6 April 2026 and in effect through 2027. Under the same proclamation, imports made almost entirely of steel, aluminum or copper carry 50% and derivative articles substantially made of those metals carry 25%.¹⁵

Proclamation 11032, signed on 1 June 2026 and published in the Federal Register on 4 June 2026, further adjusted the same tariff regime for aluminum, steel and copper less than two months after it was set.²³

The text of Proclamation 11032 modifies the Annex III lists of Proclamation 11021 for goods entered from 8 June 2026 and extends the reduced rate category, which it describes as fixed industrial machinery and power equipment, to agricultural equipment and to certain residential heating, ventilation and air conditioning systems and components; the text names neither switchgear nor transformers, as published on 1 June 2026.²⁴

Wood Mackenzie wrote on 15 October 2025 that tariff effects on grid equipment vary by product and could exceed 20% for some, and that electrical steel prices had risen by more than 20% in the preceding months.¹¹

Utility Dive reported on 29 May 2025 that about 80% of high voltage transformers and 40% to 50% of distribution transformers used in the United States were imported.²⁰

Executive Order 14421, signed on 26 August 2026 and published in the Federal Register on 31 August 2026, prohibits any acquisition, importation, transfer or installation of foreign-produced bulk-power system electric equipment, in a transaction initiated after the order's date, where the Secretary of Energy determines that the transaction involves a covered foreign entity and poses an undue risk to the bulk-power system, critical infrastructure or national security.²⁵

The order's list of bulk-power system electric equipment includes substation transformers, instrument transformers, high voltage circuit breakers, automatic circuit reclosers, protective relaying, large, small and backup generators, generation turbines, battery energy storage systems and industrial control systems, and it defines foreign-produced as not manufactured, produced or assembled in the United States, as published on 31 August 2026.²⁵

The order defines a covered foreign entity as a country, or a person owned, controlled or directed by the government of a country, that is subject to a United States arms embargo or sanctions regime, or that the Secretary determines is engaged in detrimental conduct, and it names no country, as published on 31 August 2026.²⁵

The order requires the Secretary of Energy to publish implementing rules within 120 days of 26 August 2026, which on our arithmetic is about 24 December 2026, applies its prohibitions notwithstanding any contract entered into before its date, and lets the Secretary impose conditions, with phased compliance, on equipment already acquired or installed.²⁵

The Department of Energy published a request for information on implementing the order on 9 September 2026, with responses due on 9 October 2026; it asks among other things whether inverters, battery storage and small and backup generators should be covered, and it names no country or entity.²⁶

UNKNOWN: The Annex III product list is published as an image in the Federal Register text we read, and summaries of it disagree on whether switchgear headings are listed alongside large power transformers. The June modifications to the list sit in annexes that the proclamation text we read does not reproduce. We could not confirm from the official text whether imported switchgear pays the reduced rate or the standard derivative rate today, or whether the June changes added or removed any grid equipment.

UNKNOWN: Which countries and persons the Department of Energy will treat as covered foreign entities, whether its rules will spare equipment already under contract or in transit, and how much imported grid equipment would be affected are not stated in the order or the request for information. Whether utilities are already writing country-of-origin warranties into equipment contracts is not reported in any source we are permitted to rely on.

UNKNOWN: How much of the 15% rate importers have passed into quoted prices is not stated in any source we read.

ASSESSMENT • MODERATE CONFIDENCE

Imported grid equipment carries two separate risks for a 2027 bid: a tariff that can be priced, with its exposure in deliveries that slip into 2028, in further amendment and in imported switchgear that should be priced at the standard derivative rate until its listing is confirmed, and an eligibility risk that cannot be priced, because for gear from or tied to a covered foreign entity the order can bar the transaction itself, even under a contract signed earlier, once the Department of Energy acts. The tariff rates, their end date and their successor are set in the Federal Register text, and the order's scope and deadline are set in its own Federal Register text, but the list of covered countries and persons and the content of the rules are not yet known.

SECTION 06 • ASSESSMENT

What this means for bids priced for 2027

The exposure is the gap between fixing the bid and placing the order, and for some imports whether the order can be placed at all.

On the twelve months to August 2026, a bid that held equipment at a fixed price for a year would have absorbed a rise of 12.3% on the switchgear, switchboard and industrial controls index and 7.6% on the transformer and power regulator index.^{1,2}

A listed imported item whose delivery slips from December 2027 to January 2028 moves from the 15% rate to the 25% rate under the proclamation as published in April 2026.²²

The Department of Energy's implementing rules under the bulk-power system order are due by about 24 December 2026, inside the period when bids for 2027 work are priced and awarded.²⁵

BLS is scheduled to publish the September 2026 producer price indexes on 15 October 2026 and the October 2026 indexes on 13 November 2026.⁴

GE Vernova's investor calendar lists its third quarter 2026 results webcast for 28 October 2026.²¹

Powell Industries expects about USD 1.3 billion of its USD 2.4 billion backlog at 30 June 2026 to convert to revenue within twelve months, which leaves about USD 1.1 billion of orders already booked for delivery later than that.⁹

UNKNOWN: Suppliers' current quote validity periods, deposit terms, cancellation terms and the price of a slot reservation are commercial terms that no public source we read reports.

ASSESSMENT • MODERATE CONFIDENCE

A bid for 2027 work that carries switchgear, transformers or turbines at a fixed quote, without index-linked escalation and without a reserved manufacturing slot, is more likely than not to be underpriced by the time the equipment order is placed, a bid that ignores the scheduled tariff step on deliveries after 2027, or that assumes the reduced rate for imported switchgear, is underpriced on its imported content, and a bid that relies on imported gear without confirming its origin and its maker's ownership risks a substitution it cannot price. Many utilities and large contractors already write index-linked escalation into equipment contracts, and the value here is in applying it consistently to bids with long gaps before ordering, since prices on all three lines rose over the past year and order books lengthened while pass-through on any single quote is not public.

SECTION 07 • DECISION

Decision

Decision	Owner	Trigger	Pre-authorized action
Carry equipment as an indexed line in bids for 2027 work	Bid pricing lead	The September switchgear index, published on 15 October 2026, is at or above its August level of 430.247	Add an escalation clause tied to the BLS switchgear and transformer price series to every bid with equipment delivery after mid 2027
Reserve manufacturing slots before contract award	Procurement lead	A supplier quotes a transformer or switchgear lead time longer than the project's energization schedule allows	Pay for a slot reservation and carry its cost as a separate line in the bid
Shorten bid validity	Commercial lead	A supplier limits its quote validity to 30 days or fewer	Match the validity period of the bid to the validity period of the supplier's quote
Price the tariff step on late deliveries	Bid pricing lead	Any imported equipment delivery date in a bid falls after 31 December 2027	Price listed imported grid equipment at the 25% rate scheduled from 1 January 2028, and state in the bid that any further change to the tariff by proclamation is for the buyer's account
Price imported switchgear at the standard rate until its listing is confirmed	Bid pricing lead	A bid carries imported switchgear whose tariff heading is not confirmed on the Annex III reduced list	Price it at the 25% standard derivative rate, or seek a binding classification ruling before relying on the reduced rate
Confirm the origin and eligibility of each imported item	Procurement lead	A bid carries foreign-produced equipment of a type listed in Executive Order 14421, such as substation transformers, high voltage circuit breakers, protective relaying, generators or generation turbines	Obtain the country of origin and the ownership of the maker for each item, check it against any Department of Energy rule or determination under the order, require a supplier warranty of origin and eligibility, and keep a qualified domestic or non-covered alternative in the bid where one exists
Revisit the price view of this paper	Infrastructure desk lead	The switchgear index falls in two consecutive monthly releases, or GE Vernova reports less than 120 GW of gas backlog and slot reservations for the end of September 2026	Reissue the paper with the Stabilization path as the base case

SECTION 08 • OUTLOOK

Outlook

Baseline. Prices for switchgear and transformers keep rising through the turn of the year in steps close to their recent size, turbine slots stay sold years ahead, and lead times hold near their present length. Manufacturers' third quarter results show backlog still growing. The Department of Energy's rules arrive near their deadline and cover suppliers tied to sanctioned or embargoed countries without reaching the main exporting countries of transformers and switchgear. Bidders who index equipment, reserve slots, price the tariff correctly and confirm origin protect their margin, and those who hold fixed quotes absorb the rise.

Deterioration. A further step up in the transformer index follows the July move, a tariff change or a metal price rise is passed through in full, and suppliers shorten quote validity and ask for larger deposits to hold a slot. A further proclamation narrows the reduced tariff list or brings the step up forward, or the Department of Energy's rules or determinations reach a large exporting country, forcing substitutions into already full domestic order books. Lead times lengthen again for the largest units and for switchgear, and projects with fixed energization dates pay premiums for early delivery.

Stabilization. New factory capacity and slower order intake let shipments catch up with orders. The switchgear index flattens for several months, backlog at the manufacturers stops growing, and suppliers begin to quote shorter lead times for mid-size transformers and, once order growth slows, for switchgear, while the largest transformers and turbines stay tight.

Claim C-1. The BLS producer price index for switchgear, switchboard and industrial controls equipment (series WPU1175, not seasonally adjusted) for September 2026, as first published, is 430.247 or higher. Probability 0.72. Resolves on 2026-10-30 from Bureau of Labor Statistics: YES if the first published September 2026 value of series WPU1175 is 430.247 or higher, as first published, whatever the method, NO if it is lower, and void if BLS has published no September 2026 value by 2026-10-30. Horizon 30 days. The probability is the author's own judgment. The index rose in 15 of the 20 months from January 2025 to August 2026, and manufacturers' order books were still growing at midyear. The August rise of 2.4% was unusually large, which leaves some room for a partial reversal.

Claim C-2. GE Vernova reports gas power equipment backlog and slot reservation agreements of 120 GW or more as at 30 September 2026. Probability 0.78. Resolves on 2026-10-30 from SEC EDGAR: YES if the third quarter 2026 results release that GE Vernova files on SEC EDGAR states a combined gas power equipment backlog and slot reservation figure of 120 GW or more, NO if the stated figure is lower, and void if no such release is filed by 2026-10-30. Horizon 30 days. The probability is the author's own judgment. The figure grew by 17 GW in the first quarter of 2026 and

by 16 GW in the second, and the company anticipates at least 125 GW by the end of 2026. Rising shipments subtract from the total, so a weak quarter for new contracts could leave it short.

Claim C-3. The BLS producer price index for transformers and power regulators (series WPU1174, not seasonally adjusted) for October 2026, as first published. Point and interval: lo 432.0, central 438.0, hi 452.0, unit index points, level 80. Resolves on 2026-11-13 from Bureau of Labor Statistics: the outcome is the first published October 2026 value of series WPU1174, as first published, whatever the method, scored against the point and the interval, and void if BLS has published no October 2026 value by 2026-11-13. Horizon 60 days. The point and the interval are the author's own judgment. The index stood at 434.493 in August 2026 and has moved in discrete steps: it rose 3.8% in October 2025 and 4.2% in July 2026, with no step in January or April 2026. The interval is wider on the upside to allow for another such step.

Indicators.

- The September 2026 producer price indexes for switchgear, transformers and turbines, due from BLS on 15 October 2026
- GE Vernova's gas backlog and slot reservations and its Electrification equipment backlog in the third quarter 2026 results
- Order growth and backlog in the third quarter 2026 results of Eaton, Powell Industries and Caterpillar
- Any new survey-based lead time for transformers or switchgear from Wood Mackenzie
- Any proclamation, Federal Register notice or customs guidance changing the Annex III list for electrical grid equipment, confirming whether switchgear is on it, changing its reduced rate, or changing the scheduled step to the standard rate on 1 January 2028
- The Department of Energy's implementing rules under Executive Order 14421, due by about 24 December 2026, and any determination naming covered countries or persons or sparing equipment already under contract
- Suppliers' quote validity periods, deposit terms, cancellation terms and slot reservation terms as reported in the trade press

SECTION 09 • SCORECARD

Scorecard

No earlier firm claim is resolved or advanced by this draft.

SOURCE REGISTRY

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