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Energy Alert: Restrictions on Foreign Produced Bulk-Power Systems Coming Soon

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Introduction

On August 26, 2026, President Trump signed **Executive Order (EO) 14420, *Declaring a National Emergency to Secure the United States Bulk-Power System*** (the “Order” or EO 14420). Issued utilizing his authority under the International Emergency Economic Powers Act (IEEPA) and the National Emergencies Act (NEA), the Order addresses the threat posed by foreign-supplied bulk-power system electric equipment and broadly prohibits certain transactions involving such equipment where they present national security risks. The Administration also provided a Fact Sheet to accompany the Order.

Background

EO 14420 replaces an earlier EO issued by the Trump Administration (EO 13920) in May 2020 entitled “Securing the United States Bulk-Power System.” This prior EO directed the Department of Energy (DOE) to develop and implement regulations controlling importation and use of bulk-power system equipment. In January 2021, the Biden administration issued EO 13990, which suspended EO 13920, and directed DOE to evaluate whether a replacement order was needed to balance national security and economic considerations; however, DOE did not take any action.

EO 14420 significantly expands the scope of the original EO and directs not only DOE, but the Departments of Defense (DOD), Interior, Commerce, Homeland Security (DHS), and National Intelligence (DNI), to establish procedures to identify covered equipment and provide the President recommendations on monitoring the equipment.

Key Provisions of the Order

Prohibited Transactions

The Order prohibits any acquisition, importation, transfer, or installation of foreign-produced bulk-power system electric equipment (a “transaction”) by any person subject to U.S. jurisdiction, where:

- The transaction involves property in which a foreign country or national has any interest (including through a contract for provision of the equipment);
- The transaction was initiated after the date of the Order (August 26,

2026); and

- The Secretary of Energy (with input from other departments) determines that:
 - o The equipment was designed, developed, manufactured, or supplied by persons owned or controlled by, or subject to the jurisdiction or direction of, a Covered Foreign Entity; and
 - o The transaction poses: (A) an undue risk of sabotage, subversion, unauthorized access, malicious remote action, or supply disruption; (B) an undue risk of catastrophic effects on U.S. critical infrastructure or the economy; or (C) an otherwise unacceptable risk to national security.

Conditions on Existing Equipment

The Order authorizes the Secretary of Energy, in consultation with other Cabinet members, **to impose conditions on the continued use, operation, maintenance, servicing, or updating of** foreign-manufactured or -operated bulk-power system electric equipment that was acquired or installed before the date of the Order. These conditions may include requirements to:

- Identify at-risk equipment
- Isolate such equipment from critical systems
- Monitor equipment for anomalous activity
- Secure equipment against unauthorized access
- Disconnect, replace, or remove equipment as warranted

The Secretary must consider the effects on reliability, safety, availability of replacements, and continuity of essential service, and may establish phased compliance timelines.

Pre-Qualification of Equipment or Vendors

The order authorizes the Secretary of Energy and senior branch officials to establish criteria and procedures for recognizing particular equipment and particular vendors in the bulk-power system electric equipment market as pre-qualified for future transactions, thereby offering an exemption from these restrictions.

Federal Procurement

Within 180 days of the Order, the Secretary of Energy must develop and submit recommended revisions to the Federal Acquisition Regulation (FAR) to ensure that national security risks are adequately considered in federal procurement of energy infrastructure and to prioritize the acquisition of U.S.-manufactured energy infrastructure. Within 90 days of receiving those recommendations, the FAR Council must propose amendments for notice and public comment.

Important Definitions

The Order defines several critical terms that will determine the scope of its

application:

1. "Bulk-Power System"

Facilities and control systems necessary for operating an interconnected electric energy transmission network (or any portion thereof), and electric energy from generation facilities needed to maintain electric system reliability. For purposes of the Order, this includes transmission lines rated at 69,000 volts (69 kV) or more, but excludes facilities used in the local distribution of electric energy.

2. "Bulk-Power System Electric Equipment"

Items used in bulk-power system substations, control rooms, or power generating stations, including:

- Reactors, capacitors, and substation transformers
- Utility-scale and other grid-connected inverters
- Battery energy storage systems and uninterruptible power supply (UPS) systems supporting critical infrastructure
- Large generators, small generators, backup generators, and current coupling capacitors
- Substation voltage regulators, automatic circuit reclosers, and instrument transformers
- Coupling capacity voltage transformers, protective relaying, metering equipment, and high voltage circuit breakers
- Generation turbines
- Industrial control systems (including remote terminal units, programmable logic controllers, and intelligent electronic devices), distributed control systems, and safety instrumented systems

In addition, agencies may consider associated software and firmware, remote access capabilities, lifecycle maintenance mechanisms, and other supply chain dependencies that could present an unacceptable risk to the bulk-power system.

"Covered Foreign Entity"

A country or 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 (ITAR) or that the Secretary of Energy (in consultation with the Secretary of War, the Director of National Intelligence, and the Assistant to the President for National Security Affairs) has determined is engaged in conduct that is detrimental to the national security or foreign policy of the United States.

"Foreign-Produced"

An article that is not manufactured, produced, or assembled in the United States. This definition is significant because it captures equipment that

may be designed domestically but manufactured or assembled abroad.

Implementation Timeline and Deadlines

Deadline	Action Required
120 Days	Secretary of Energy to publish rules and regulations implementing the Order, including determination of Covered Foreign Entities and identification of specific covered equipment. Procedures to license otherwise-prohibited transactions also to be established.
180 Days	Secretary of Energy to develop and submit recommended FAR revisions for federal procurement of energy infrastructure, prioritizing U.S.-manufactured equipment.
90 Days After FAR Recommendations	FAR Council to propose amendments for notice and public comment to implement the Secretary's recommendations.
As Soon As Practicable	Secretary of Energy (with DOD, Interior, Commerce, DHS, and DNI) to identify bulk-power system electric equipment that poses national security risks and submit recommendations to the President through the Assistant to the President for National Security Affairs.

Note: It remains to be seen whether these deadlines are realistic and what the implementing rules and regulations will ultimately provide. However, initial indications suggest that this is a priority for the current administration, making it less likely that implementation will stall as it did with EO 13920.

Recommended Actions

In light of EO 14420, we recommend that clients take the following steps:

- **Audit equipment and supply chains.** Conduct a comprehensive inventory of all bulk-power system electric equipment currently in use, including associated software, firmware, and digital services, and map supply chains to identify foreign-sourced equipment, components, or services and any exposure to Covered Foreign Entities.
- **Monitor the upcoming rulemaking proceedings.** Track the 120-day and 180-day deadlines for implementing regulations and FAR revisions, respectively. The implementing rules will provide critical details on the specific countries, persons, and equipment subject to the Order's prohibitions.

- **Review and update contract provisions.** Ensure that EPC contracts, MSAs, and procurement agreements include appropriate provisions addressing bulk-power equipment compliance, country-of-origin requirements, and representations and warranties regarding Covered Foreign Entity status.
- **Prepare for federal procurement requirements and engage in rulemaking.** Federal contractors should assess their ability to comply with anticipated FAR revisions prioritizing U.S.-manufactured energy infrastructure and participate in notice-and-comment proceedings when implementing regulations and FAR amendments are proposed.
- **Evaluate pre-qualification and mitigation options.** Once the Secretary establishes criteria, assess whether equipment or vendors may qualify for exemption and whether mitigation measures could be designed or negotiated as a precondition to approval of affected transactions.

Conclusion

EO 14420 significantly expands federal authority over foreign-produced bulk-power system electric equipment and related digital capabilities. Although many prohibitions depend on implementing regulations due within 120 days, the Order's breadth and the administration's focus on supply chain security make proactive assessment and compliance planning essential; its anti-evasion provisions may carry enforcement consequences under IEEPA, and conditions on existing equipment could have significant operational and financial effects.

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