

# Supply Chain Challenges & Eversource's Mitigation Strategy



The COVID-19 pandemic, along with other international crises, have created supply chain issues in many industries, including ours. All utilities in the United States are experiencing supply chain challenges, but we are committed to minimizing the effects of these issues on our customers as much as possible by planning ahead, monitoring the situation and adjusting, when needed.

## Utility Specific Impacts:

Many factors are contributing to the supply chain challenges.

- **Supply disruptions** have made it difficult for manufacturers to get materials, such as steel, aluminum, copper, and resins, which are used to manufacture transformers, meters, cable and wire, and other gas and electric equipment.
- **Labor shortages** have slowed all aspects of our supply chains, from manufacturing of materials to transportation of those materials, which has increased the lead times on receiving materials by three to four times.
- **Rising costs** due to supply/demand and inflation are affecting the ability for manufacturers to obtain materials.
- **Industry demand for equipment and material** is increasing, as a result of storm restoration, capital work, and clean energy growth.
- **Geopolitical issues**, such as the Russia/Ukraine war, are affecting the ability to obtain certain materials from outside of the United States.

## Eversource's Mitigation Strategy

From the onset, we have been monitoring and adjusting our purchasing strategies to reduce the impacts to our customers.

- **Changing when we purchase materials.** Longer lead-times means we are purchasing more material, sooner. We are already buying equipment for 2023.
- **Finding alternatives/solutions.** We are researching new suppliers, switching manufacturers or vendors, changing to new or different products, and using alternative construction, where possible.

## Prioritizing the Allocation of Transformers & Other Material

Due to supply constraints, we are prioritizing how equipment and materials are allocated in the following way.

1. **Restoration** – having enough equipment in our warehouses to restore power to customers after a major storm, heat wave or other failure, is our first priority.
2. **New customers** – A portion of our inventory of transformers are allocated to new customer requests. This includes new distributed generation customers.
3. **Our work plan** – We are continuously evaluating which upgrades need to be done now and what can wait. We are currently challenging and limiting requests for equipment replacements unless they are absolutely necessary.



## The Outlook

The supply chain issues are expected to last through at least 2022. The supply chain was severely disrupted for 9-12 months, so it will take time to rebuild inventory, unclog harbors and for the labor force to return to normal. In the meantime, we will continue to work diligently on minimizing the impact to our customers.