

**TESTIMONY OF DAVID TERRY, EXECUTIVE DIRECTOR, NATIONAL
ASSOCIATION OF STATE ENERGY OFFICIALS, BEFORE THE U.S. HOUSE
ENERGY AND WATER DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE IN
SUPPORT OF FY'18 U.S. DEPARTMENT OF ENERGY FUNDING – MAY 3, 2017**

Chair Simpson, Ranking Member Kaptur, and members of the Subcommittee, I am David Terry, Executive Director of the National Association of State Energy Officials (NASEO). I am testifying on behalf of our 56 governor-designated state and territory members. NASEO respectfully requests funding for the following U.S. Department of Energy (DOE) programs: \$70 million for the U.S. State Energy Program (SEP); \$230 million for the Weatherization Assistance Program; \$289 million for the Buildings Technologies Office including building energy codes and appliance standards; strong support for the Clean Cities program; strong support for the Energy Information Administration; and \$262 million for the Office of Electricity Delivery and Energy Reliability (DOE-OE). At DOE-OE, energy assurance partnerships *with the states* are critical to enable state and private efforts to mitigate and avoid the threat to life, safety, and damaging economic impacts resulting from energy supply disruptions caused by disasters.

SEP is the only federal energy program that allows the states to set priorities with both state and national energy goals in mind, rather than responding to DOE's priorities. The underlying SEP statute, amended in 1990, provides governors with extraordinary flexibility and reflects the states' *all of the above* approach to energy which keeps prices lower, addresses reliability requirements, advances economic development, and supports environmental quality. Flexible SEP funding allows states to strategically target activities to meet goals set by governors, as intended by Congress, without unnecessary federal government interference.

The Administration's *skinny budget* incorrectly asserts that eliminating SEP and WAP would "reduce Federal intervention in state-level energy policy and implementation." In fact, SEP is the only DOE administered program which embodies cooperative federalism and affords governors' control of allocating funds within very broad guidelines set by Congress. This year, the National Governors Association called out SEP and WAP as top energy funding priorities urging the Trump Administration to "*continue and expand . . . the Weatherization Assistance Program and State Energy Program.*" Moreover, the Southern States Energy Board, led by governors Hutchinson (AR) and Adkins (KY); the Governors Wind and Solar Energy Coalition led by governors Riamondo (RI) and Brownback (KS); and the Western Interstate Energy Board led by the energy directors for governors Herbert (UT) and Sandoval (NV) all called for continued and expanded funding for SEP. In addition, WAP is another example of a state-directed program with little federal interference.

As authorized by Congress and administered by DOE, SEP provides discretion and deference to the governors within a broad statutory framework supporting state and federal energy goals. According to two Oak Ridge National Laboratory (ORNL) studies, SEP provides taxpayers with an exceptional value. ORNL found that that each dollar of SEP funds used by the states leverages \$10.71 of state and private funds and realizes \$7.22 in energy cost savings for citizens and businesses. States set their priorities for use of SEP funds on activities such as planning for and responding to energy emergencies resulting from disasters; assisting small businesses to reduce energy costs to create jobs; aiding farms and rural homeowners to develop homegrown energy solutions; and supporting local governments in retrofitting schools, police stations, and other public facilities to reduce utility bills paid by taxpayers.

The overwhelming direction from the governors to state energy directors is to request that Congress stipulate all SEP funds be provided through the base formula account. NASEO is seeking \$70 million in SEP funding with \$50 million in base formula appropriations, with an additional amount targeted to enhance state-federal cooperation on energy emergency preparedness and response, including physical and cyber security of energy infrastructure. Governors, typically through the State Energy Directors, lead energy emergency planning. This interdependent state-federal-private function is a hallmark of SEP; it needs greater support given elevated threat levels and an increasingly complex energy system—grid, petroleum, natural gas, and other fuel production, distribution and use. In the most recent year for which we have data, 50 percent of U.S. cyber-attacks were on energy infrastructure, with a significant portion of that being petroleum related.

Finally, SEP is one of the only connections between billions of dollars spent on federal energy research and development by DOE *and* the energy priorities, policies, and market strategies set by states. A greater reliance by DOE on the states to ensure federal R&D meets real world conditions, state policy goals, and market gaps would maximize the impact of R&D funding. Below are a few examples of the states' utilization of SEP funding. We have omitted an example from Texas, because it was included in William “Dub” Taylor’s testimony earlier today.

California utilized SEP funding to support the Municipal and Commercial Building Targeted Measure Retrofit program to aid local governments. The program has provided retrofit installations at over 7,400 project sites. These retrofits are estimated to realize over 85.8 GWh in electricity savings, 8.6 MW in demand reductions, and 950,000 therms in natural gas savings.

Florida utilized \$250,000 of their SEP funds to assist the City of St. Augustine to replace outdated lighting fixtures with modern, energy efficient LEDs and motion sensing control systems in a historic downtown parking facility. Florida leveraged the SEP funds with \$50,000 from the City of St Augustine. The LED lighting system has reduced electricity use by 50 percent, or \$3,817 per month, and has reduced maintenance costs.

Idaho leveraged SEP funding to support the K-12 Energy Efficiency Project. Energy audits have been completed on 894 school buildings statewide. HVAC system tune-ups were also completed on the 894 school buildings across Idaho. Approximately \$5 million was spent performing the HVAC tune-ups with anticipated savings of about 10 percent of energy budgets. Savings from the tune-ups are estimated at between 84,102,248 and 269,507,285 kBtu per year. Tune-up dollar savings based on site energy are estimated between \$1,254,169 and \$3,924,603 annually.

Indiana utilized SEP funding to help companies identify and make energy efficiency upgrades. The Indiana Conserving Hoosier Industrial Power (CHIP) program provided \$2.2 million in grants to commercial or industrial facilities. Eleven companies in Indiana were selected to receive grants ranging from \$52,000 to \$400,000.

Nebraska leveraged SEP funding to expand the Dollar and Energy Saving Loan Program. The program is a revolving loan fund that reduces the interest rate for energy-related projects meeting minimum efficiency standards. Active since 1990, it is one of the longest standing and highest volume energy efficiency loan programs in the country, and has financed 28,362 projects, totaling \$317 million and participation by 267 private lenders throughout the state. Over 25 years, the program's extraordinarily low write-off level is just \$150,158.

New York used SEP funds to partner with the Wayne Finger Lakes Board of Cooperative Educational Services to install a 50kW Solar Electric System on the roof of an Early Childhood

Education Building. The system will reduce electric consumption at the site by 43 percent.

Ohio utilized SEP funding to support the Energy Efficiency Program for Manufacturers. The program enabled hundreds of Ohio's manufacturers to realize cost savings and improve efficiency. The program invested \$24 million in Ohio's manufacturing sector for a combined annual energy savings of 1,112,109 million British Thermal Units and 79,256 megawatt hours.

Tennessee uses a portion of its SEP funds to support critical energy emergency (*or energy assurance*) functions in partnership with the federal government and private sector. For example, within the past year, three Colonial Pipeline incidents affected most of Tennessee's gasoline supply. The energy office's ability to collect confidential information from petroleum suppliers to assess the situation and coordinate with DOE and the Tennessee Emergency Management Agency to ensure mission critical and first responder fuel needs were met was essential to protecting public health and safety. In another example, many of the Tennessee's 1,650 commercial poultry houses have limited access to natural gas and rely on propane to heat livestock housing. In the winters of 2014-2015, propane distribution issues occurred, and the state worked with the industry and DOE to ensure that farmers had access to propane.

Washington uses a portion of its SEP funds to support energy emergency preparedness. For example, last year, state officials engaged in the Cascadia Rising energy emergency exercise, where state officials worked with the private sector, DOE, and others to respond to a simulated magnitude 9.0 earthquake and tsunami. The exercise brought focus to the need for a resilient grid, tested the state's responsibility for federal Emergency Support Function 12, and identified improvements such as developing pre-disaster agreements with Oregon and Idaho.

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