

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'21 U.S. DEPARTMENT OF ENERGY FUNDING – MARCH 13, 2020

Chair Kaptur, Ranking Member Simpson, and members of the Subcommittee:

I am David Terry, Executive Director of the National Association of State Energy Officials (NASEO), and I testify on behalf of our 56 state and territory members. NASEO supports the submission by the Energy Efficiency Strategy Group and requests funding for the following U.S. Department of Energy (DOE) programs: **\$90 million for the U.S. State Energy Program (SEP) and \$310 million for the Weatherization Assistance Program (WAP)**, including \$5 million in WAP technical assistance funding; \$300 million for the Buildings Technologies Office, including \$25 million for building energy codes technical assistance and training and \$55 million each for residential and commercial buildings integration; \$48 million for the Federal Energy Management Program, including \$2 million for the Performance Based Contract National Resource Initiative; \$410 million for the Vehicle Technologies Office, including \$50 million for Clean Cities; \$195.5 million for the Office of Electricity (OE), with \$55 million for Energy Storage, \$17 million for Transmission Permitting and Technical Assistance (TPTA), and \$1.65 million for Defense-Critical Energy Infrastructure; \$184.6 million for the Office of Cybersecurity, Energy Security, and Emergency Response (CESER), including \$70 million for Infrastructure Security and Energy Restoration (ISER) to support all-hazard assistance, preparedness, and response; \$2 million for the Office of Policy to complete the U.S. Energy and Employment Report; \$217.8 million for Carbon Utilization and Storage (in DOE's Office of Fossil Energy); and \$135 million for the U.S. Energy Information Administration.

The \$90 million SEP request and \$310 million WAP request are consistent with the

“Dear Colleague” letter being led by Mr. Tonko and Mr. McKinley.

SEP is the only federal energy program that allows the states to set priorities with both state and national energy goals in mind. It provides governors with extraordinary flexibility and enables a wide range of activities: preparing for and responding to energy emergencies resulting from all hazards (e.g., cybersecurity, pandemic, weather); assisting small businesses to reduce energy costs and create jobs; aiding farmers and rural homeowners to develop homegrown energy solutions; and supporting localities in energy and resilience retrofitting of schools, health care facilities, and other mission critical buildings.

The Administration’s budget mistakenly claims that eliminating SEP and WAP would “reduce Federal intervention in state-level energy policy and implementation” when, in fact, SEP enables states to pursue their objectives within broad guidelines set by Congress. The National Governors Association, Southern States Energy Board, and Western Interstate Energy Board support SEP. Oak Ridge National Laboratory studies find that one dollar of SEP leverages \$10.71 in state and private funds and realizes \$7.22 in energy cost savings.

The State Energy Directors overwhelmingly support Congress requiring that SEP funds be provided through the base formula account, except for \$6 million for technical assistance. We suggest the following report language: “***DOE must provide states all SEP funds through the base formula, except for \$6 million for technical assistance.***” We appreciate DOE Energy Efficiency and Renewable Energy Assistant Secretary Simmons’s direction to roll all SEP funds into the base account, to maximize state and DOE resources. We also support language that both SEP and WAP be distributed to the states within 60 days of enactment.

NASEO also requests language encouraging greater state-federal cooperation on energy emergency preparedness and response. SEP enables interaction, planning and coordination

among state, federal, and private stakeholders, and needs greater support given elevated threat levels and increasing complexity in our nation's energy systems. Partnerships and planning forged through SEP protect lives and mitigate economic damage resulting from energy supply disruptions caused by disasters, cyber threats, and crises such as the COVID-19 pandemic.

We recommend increasing CESER funding to \$184.6 million, including \$70 million for the ISER account, and expanding program direction funds which would enable DOE to staff the CESER office commensurate to the enormous need to protect the cyber and physical security of our nation's energy infrastructure. We also strongly support related DOE-OE resilience work.

We urge greater coordination by all DOE R&D offices and State Energy Offices to ensure DOE technology investments meet real-world market conditions and state policy goals.

Below are a few examples of how states are leveraging and utilizing SEP funding:

Ohio: SEP Saves \$10 Million in Energy Annually for Industrial and Commercial Partners

In Ohio, SEP supported energy efficiency programs geared to industrial and commercial businesses, municipalities, universities, schools, and hospitals. In 2018, 84 partners (including 17 manufacturers) conducted energy audits, identified opportunities for energy savings, developed energy management plans, achieving energy cost savings in excess of \$10.5 million per year.

Indiana: SEP Advances Resiliency in Rural Communities and Cost Savings for Schools

In Indiana, SEP supported five municipal entities in a community energy challenge. Projects ranged from back-up power infrastructure for sheriffs' departments to energy retrofits in schools. Another six rural energy projects have provided new HVAC in schools, hospitals and churches and advanced energy efficiency in waste management and agricultural operations. SEP also helped 12 school districts replace inefficient diesel school buses with 55 new propane buses and achieve \$1.7 million in annual savings, which are going directly back to the schools' budgets.

Florida: SEP Funds Add 115 Emergency School Shelters with Resilient Solar and Storage

Florida's SunSmart E-Shelter Program leveraged SEP and utility funds to install 115 10-kW photovoltaic (PV) systems on emergency shelter schools and has added more than one megawatt of combined PV generating capacity using American-made components. The shelters offered a great benefit to dozens of communities during recent hurricanes.

Arizona: SEP Funds Support EV Charging Stations and Efficiency Improvements

In Arizona, SEP support for electric vehicle (EV) charging has resulted in the creation of a pilot program for fleet travel and the installation of eight EV charging stations throughout the capitol mall complex and Arizona State Fairgrounds. Another 11 energy efficiency projects supported the installation of energy-efficient lighting and other key equipment upgrades.

Washington: SEP Funds Support Resilience, Enable Emergency Preparedness Planning

In Washington, SEP is supporting the creation of the Energy Emergency Management Program Strategic Plan. Building on lessons learned from the 2018 Enbridge Pipeline explosion, Washington has focused on updating foundational documents engaging stakeholders, resulting in the Washington Fuel Action Plan and new policies and procedures for managing a petroleum shortage and coordinating response and restoration in an energy supply disruption.

Wisconsin: SEP Leverages State, Local, and Private Funds for Energy Improvements

The SEP-funded Energy Innovation Grant Program reduces energy use, increases the use of renewable energy and transportation technologies, and bolsters preparedness and resiliency in the energy system for manufacturers, municipalities, tribes, and school districts. The program has leveraged significant levels of state, local, and private funding, and it enables the state to support and track energy cost savings, emission reductions, and workforce development.

Idaho: SEP Promotes Energy Emergency Preparedness, Resilience and Rural Efficiency

In Idaho, SEP funding promotes energy emergency preparedness and supports energy education and cost savings in rural communities. The Energy Office oversees the Idaho Energy Assurance Plan and petroleum shortage response plan, and participates in regular preparedness exercises. Through the Government Leading by Example program, the office partners with rural counties to reduce energy use in public buildings, enabling local governments to “lead by example” and demonstrate the importance and ease of energy upgrade projects to their constituents.

California: SEP Advances Energy- and Cost-Saving Building Codes

In California, SEP supports the development and implementation of building codes and other state-led efficiency actions, leading to significant energy and cost savings. Under the 2019 California Energy Code, single-family homes built to new standards will use 7% less energy versus those built to 2016 standards; with rooftop solar, the homes are expected to use 53% less energy, reducing greenhouse gas emissions by 700,000 metric tons over three years.

Nonresidential buildings will use 30% less energy due to these SEP-supported efforts.

Tennessee: SEP Supports STEM Education for K-12 Teachers and Students

Tennessee’s SEP-supported K-12 energy education program promotes energy literacy and introduces educators and students to energy topics and professions. The Energy Office hosted over 30 educational in 2019, engaging more than 5,000 students and educators. Tennessee plans to expand this successful program, prioritizing economically distressed or at-risk counties and schools whose low-income student population is greater than 60% of the total student body.

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