

**TESTIMONY OF DAVID TERRY, EXECUTIVE DIRECTOR, NATIONAL
ASSOCIATION OF STATE ENERGY OFFICIALS, BEFORE THE U.S. SENATE
ENERGY AND WATER DEVELOPMENT AND RELATED AGENCIES
APPROPRIATIONS SUBCOMMITTEE SUPPORTING FY'21 U.S. DEPARTMENT OF
ENERGY FUNDING – MARCH 27, 2020**

Chairman Alexander, Ranking Member Feinstein, 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 for 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 (Office of Fossil Energy); and \$135 million for EIA.

The “Dear Colleague” letter being led by Senator Collins and Senator Reed (with over 40 signatories) supports robust funding for SEP and WAP. SEP is critically important to states in addressing the energy-related economic development and job creation needs our economy faces as a result of the COVID-19 pandemic.

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 flexibility and enables a 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-resilience retrofitting of 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 found 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 EERE 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 with 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:**

Alabama: SEP Funds Expanded the Wastewater Energy Management Initiative Program – In [Alabama](#), the State Energy Office leveraged SEP to expand their “Wastewater Energy Management Initiative,” which offered energy assessments to Alabama wastewater facilities focusing on reducing energy consumption through operational changes. The program completed assessments at 33 facilities and identified 14.1 million kWh of savings through no-cost and low-cost measures.

Alaska: SEP Funds for LED Streetlight Replacement in 47 Rural Alaska Communities – In [Alaska](#), the Alaska Energy Authority (AEA) used SEP funds to support outdoor lighting retrofits in rural communities. Through a unique public partnership, AEA’s Village Energy Efficiency Program (VEEP) received a \$1,000,000 grant from Wells Fargo to support a competitive application process per the program guidelines. Local match totaled \$397,000. One recipient, Ouzinkie, is expected to replace 55 streetlights and six harbor lights, reducing Ouzinkie’s consumption in these applications by nearly 60 percent.

California: SEP Advances Energy- and Cost-Saving Measures with Resilience Benefits – In California, SEP supports the implementation of building codes and other state-led efficiency actions, leading to significant energy and cost savings, as well as resilience benefits. 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.

Delaware: SEP Supports Consumers and Small Businesses Energy Cost-Savings – In [Delaware](#), the Division of Climate, Coastal & Energy utilized SEP funds in operating the Green Energy Fund (GEF) and the Energy Efficiency Investment Fund (EEIF). The GEF provides grant incentives to Delaware electric utility customers for the installation of solar PV systems, solar hot water heating systems, small heating systems, geothermal heat pumps, small wind applications and renewable energy fuel cells. The EEIF provides grant incentives to businesses,

local governments, and non-profits to make facility upgrades that lower their energy use and cost. Last year, GEF provided 448 grants and EEIF supported 229 projects.

Illinois: SEP Funds Supported Cleantech Startup Companies – In [Illinois](#), the Energy Office collaborated with the Clean Energy Trust (CET) to launch the Illinois Clean Energy Innovation Fund to support entrepreneurship and foster Illinois cleantech sector jobs. CET works with the Energy Office to align the Fund with the clean energy economy in Illinois and the Midwest by making investments in high-potential, early-stage, Illinois-based cleantech companies.

Kentucky: SEP Funds Increased Energy Affordability and Resiliency through Energy Efficiency, and Increased Awareness of Community Resilience Planning – In [Kentucky](#), the Energy Office leveraged \$128,288 of SEP funds to increase energy affordability and resilience through efficiency. In 2019, the Office completed the Kentucky Home Uplift project with TVA to develop a sustainable model for delivering energy efficiency to low-income households. The Office awarded \$105,000 in SEP funds to a utility provider and community organization to qualify households to receive upgrades that reduce energy costs by 25%. Kentucky also enhanced resilience through the Building for Resilience and Mitigation program.

Louisiana: SEP Funds Efficiency and Decreases Costs of Wastewater Treatment Facilities – In [Louisiana](#), the State Energy Office SEP-funded revolving loan program enabled the Terrebonne Parish Consolidated Government's Pollution Control Division to enhance efficiency and decrease costs at the Parish's North Regional Wastewater Treatment Plant. Project partner GreenPoint Engineering's design upgraded the existing Primary Effluent Pump Station, and replaced the facility's six constant speed 150-hp pumps with two 100-hp and two 50-hp variable speed pumps. When this improved pumping station was brought into service, it immediately yielded energy savings and improved management of the treatment process.

Maine: SEP Funds Support EVs, Efficiency, and Low-Income Community Support – In [Maine](#), the Governor's Energy Office (GEO) used SEP funding to develop and implement leading energy initiatives. These include the creation of solar and distributed generation incentives, and approval of the contract for what is poised to be the first floating offshore wind project in the country. The state's energy efficiency program supported the launch of new programs aimed at installing 100,000 new high efficiency air source heat pumps by 2025, increasing beneficial electrification, supporting electric vehicle charging infrastructure and new grants for electric vehicle purchases, and advancing efficiency programs.

Mississippi: SEP Funds Industrial Energy Efficiency Saving \$1.6 Million in Energy Costs – In [Mississippi](#), the State Energy Office used SEP funds to launch a new program to improve energy efficiency in the manufacturing sector. The first seven projects are expected to save \$1.6 million over five years with companies saving 6% in energy costs on average each year. Projects implemented through this program have resulted in improved working conditions for approximately 1,800 employees across a wide variety of manufacturers.

Montana: SEP Supported the \$1.7 Million Alternative Energy Revolving Loan Program – In [Montana](#), SEP funds were leveraged by the State Energy Office to promote Montana's Alternative Energy Revolving Loan Program. Montana's Energy Office closed 86 loans in 2019, totaling \$1.7 million. The program finances ground source heat pumps, battery storage, energy efficiency measures, and other technologies, and is available to homeowners, non-profit organizations, local governments, and small businesses. In 2019, SEP funds supported coordinated promotion of the loan program with USDA's Rural Energy for America Program.

New Hampshire: SEP Funds Used to Decrease Energy Costs in Elementary School – In [New Hampshire](#), the State Energy Office created the School Energy Efficiency Development (SEED)

Grant, a one-time competitive grant award of \$100,000, funded by SEP. The Jennie D. Blake Elementary School was selected as the recipient of the first SEED Grant. The SEED grant targeted three major efficiency areas: weatherization, lighting, and control upgrades.

New Mexico: SEP Funds Leveraged to Support GESPC Program – The [New Mexico](#) State Energy Office administers the Energy Savings Performance Contracting Program (ESPC) to promote energy savings for the public sector including state agencies, public schools, institutions of higher education and local governments. Last year over \$121 million in energy audit certifications were issued and \$53.8 million in utility savings were realized. The projects reviewed and certified by the State Energy Office guaranteed savings of \$4.1 million per year. ESPC has stimulated job growth. New Mexico's 5,636 energy efficiency jobs in 2019 represented nationally-leading growth of 11.6% relative to 2018. This growth was in large part due to the energy audits and performance contracts certified by the State Energy Office.

North Dakota: SEP Funding Supported School District Purchase of Electric School Bus – In [North Dakota](#), SEP assisted the [West Fargo Public School District](#) and [its partners](#) with the purchase of an electric-powered school bus. This bus is the first of its kind in the area and the school district will be tracking and comparing costs of the electric-powered school bus to diesel-powered buses that it purchased at the same time.

Oregon: SEP Funds Supported Oregon Guidebook for Local Energy Resilience – In [Oregon](#), the Oregon Department of Energy published the [Oregon Guidebook for Local Energy Resilience: for Small and Medium Electric Utilities](#), a technical resource for the 38 consumer-owned electric utilities (COUs) serving Oregon. The Guidebook helps COUs identify actions they can take to improve local energy resilience. The three core components of the Guidebook are: (1) business continuity planning for small and medium electric utilities; (2) the identification of strategic opportunities to target efficiency investments and deploy distributed renewables to improve community energy resilience; and (3) an overview of federal and state emergency management planning efforts and how electric utilities can interface with those processes.

South Carolina: SEP Funds Helped Local Business Install Solar Array, Create Jobs – In [South Carolina](#), we provided. Sportsman Boats SEP funding for a solar PV array at its manufacturing plant. The system generates 20 million kWh over 20 years, saving \$3 million on energy bills—enough to allow the company to add 100 new jobs. Sportsman Boats borrowed \$800,000 through the State Energy Office's Energy Efficiency Revolving Loan program.

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 sessions in 2019, engaging more than 5,000 students and educators.

Washington: SEP Supports Resilience, Enables Emergency Preparedness – The State began drafting the Washington State Energy Emergency Management Program Strategic Plan, which provides a strategy and a maturity model for the statewide Energy Assurance program. The Washington Fuel Action Plan served as a primary focus. The Energy Office developed policies and procedures on how to effectively manage a State petroleum fuel shortage. Washington also updated the Emergency Support Function 12 Standard Operating Guide, which was last updated in 2013. The report details how the State would coordinate with local, federal, tribal and private sector partners to restore Washington's energy systems during an energy emergency.

Contact Information: David Terry, NASEO Executive Director (dterry@naseo.org) and Jeff Genzer, NASEO Counsel (jcg@dwgp.com).