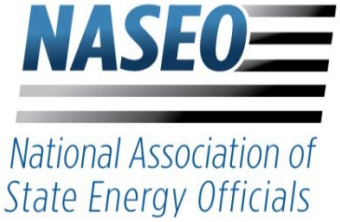
U.S. State Energy Program



The 56 State and Territory Energy Offices were formed in response to the energy crisis of the early 1970s. They have evolved to become important agents of change – advancing practical energy policies and supporting energy technology research, demonstration, and deployment. In partnership with the private sector, the SEOs accelerate energy-related economic development and enhance environmental quality through energy solutions that address their citizens' needs and enhance national energy security.

The SEOs' work is generally under the direction of the governors or legislatures, and is funded by state and federal appropriations, such as the U.S. State Energy Program (SEP). State Energy Offices are deeply involved in energy efficiency programs and allocate or oversee more than $7 billion of energy efficiency funds derived from ratepayers and state appropriations each year.

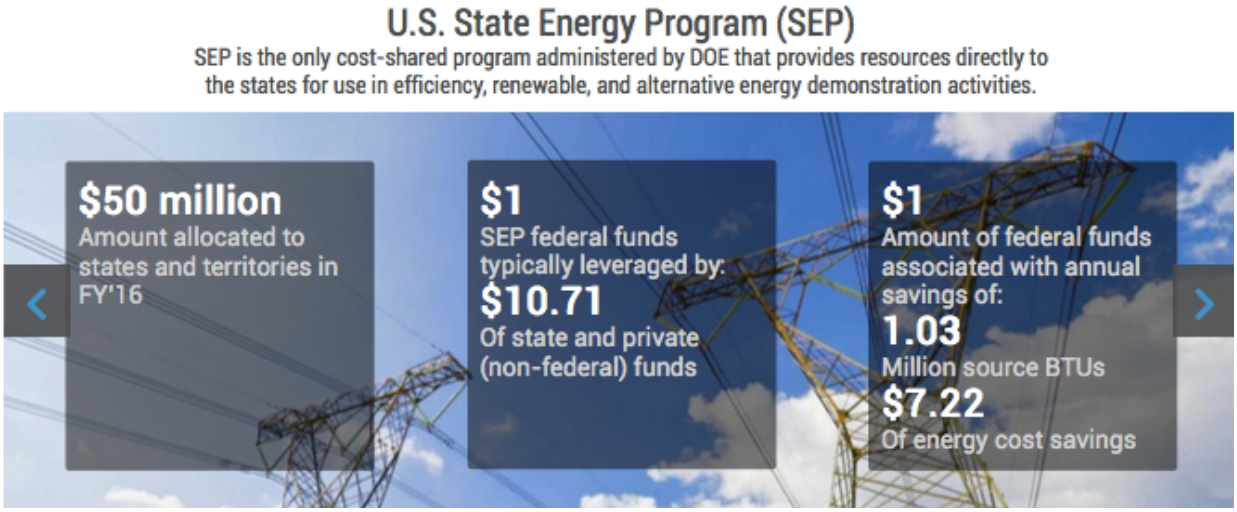
The activities of State Energy Offices vary, depending upon states' indigenous resources and needs. However, most State Energy Offices:

- Advise governors and legislators on energy issues;
- Ensure that the needs and issues of industry, business, and residential energy consumers are considered during energy policy and program development;
- Support the private sectors' advanced manufacturing and industrial efficiency efforts as a means to retain and create jobs;
- Assist in achieving energy-related environmental goals;
- Assist energy providers and consumers during energy emergencies and natural disasters to mitigate supply disruptions and coordinate state, local and regional responses;
- Aid citizens – through education and incentives – in adopting energy efficiency measures that lower utility costs and reduce waste;
- Demonstrate the application of emerging energy technologies in real-world situations;
- Manage certain federal energy research, development, deployment and demonstration programs more effectively and at lower costs than many traditional federal program management mechanisms;
- Work with other state agencies to deploy cost-effective, state-of-the-art technologies to reduce public facility energy consumption at the state and local levels; and
- Communicate to the public the importance of energy to economic development and the environment, emphasizing the value of cost-effective energy efficiency measures.

In addition, many State Energy Offices develop State Energy Plans that provide a strategy for how to meet future energy needs in an environmental and economic way.

For more information on the history of State Energy Offices and the U.S. Department of Energy's State Energy Program, please visit NASEO's website at www.naseo.org.

U.S. State Energy Program Overview



The U.S. State Energy Program (SEP) is the only program administered by the U.S. Department of Energy (DOE) that provides cost-shared resources directly to the states for allocation by the governor-designated State Energy Office to support energy emergency planning and response, private sector energy innovation and demonstration, and state-driven electricity system planning, natural gas system enhancements, and infrastructure modernization, and supports state-directed energy efficiency and renewable energy programs and projects with the private sector and local governments.

- SEP Was last authorized by Congress at $125 million and delivered by the 56 Governor-designated State and Territory Energy Offices through DOE
- SEP Allows each State to address energy priorities and opportunities while contributing to national energy goals
- SEP Is called-out, with WAP, in the National Governors Association 2017 recommendations to the Trump Administration as a top priority for continued and expanded funding
- SEP Provides DOE with a link to the states to ensure federal energy R&D investment are relevant to state energy policies and private energy markets which are guided primarily by the states
- SEP Provides the fundamental capability for states to design and carry out programs tailored to their citizens' needs and the energy goals developed by their governors
- SEP Ensures the capacity of the Governor's State Energy Offices to work with the Federal Government and private sector in planning for, responding to, and mitigating the impacts of energy supply emergencies arising from physical and cyber threats, weather, and market events

SEP's Economic Impact – According to an Oak Ridge National Laboratory study, $50 million in SEP funds:

- Leverages $585 million for energy related economic development
- Produces $333 million in sustained, annual energy cost savings for families, businesses, and State and Local Governments

NASEO recommends SEP funding of $70 million, **including $50 million in formula funds, with the remainder for energy emergency and cyber security preparedness and response**. Additional funds for this critical state-federal partnership program could be repurposed from other lower-priority activities.

National Governors Association
Trump Administration Recommendations:
We the States ***(February 2017)***

Energy

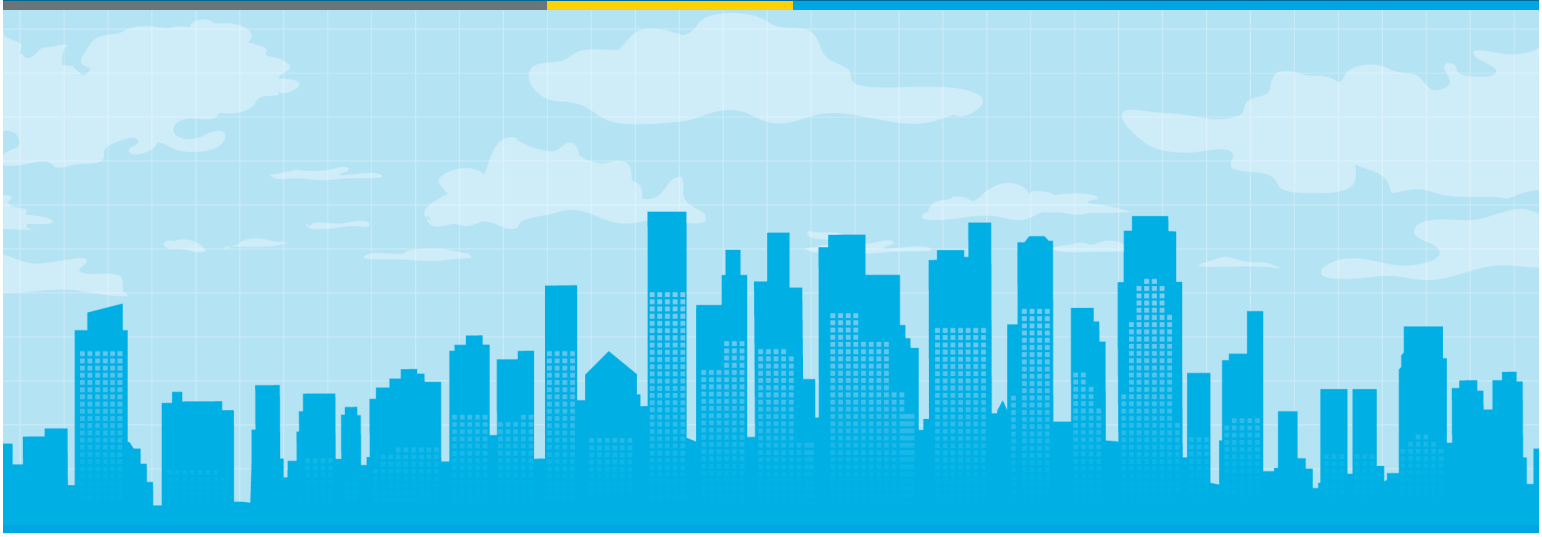
Governors have pioneered a wide array of innovative energy policies in their states and look forward to working with the Administration and Congress to identify new and innovative opportunities for partnership. As the Administration considers what energy policies it will embrace, governors ask that it:

- Consult with governors' offices at the earliest stages of energy policy development to help identify areas of mutual interest, discuss process and elevate engagement opportunities. States have been extremely successful in implementing energy policies that meet their specific needs and goals, and the administration should incorporate these methods into its national policy;
- ***Continue and expand existing energy grant programs that states rely upon, particularly the Weatherization Assistance Programs and the State Energy Program***;
- Engage governors in a national conversation about our nation's future energy choices, including coal, nuclear, oil and gas, as well as renewables and energy efficiency, and the related impact of each on economic development, energy security and environmental sustainability. State officials are often the lead energy regulators and as such, are uniquely positioned to discuss the latest scientific and policy developments and address trade-offs;
- Elevate energy research and development initiatives in a manner that complements existing state initiatives to further expand and develop America's energy resources; and
- Ensure the federal government is efficiently investing in the timely and effective environmental cleanup of federal facilities sites and enhance the oversight and regulation partnership with the states.

https://resources.nga.org/cms/wethestates

U.S. DEPARTMENT OF ENERGY | Energy Efficiency & Renewable Energy

STATE ENERGY PROGRAM



Overview

The U.S. Department of Energy's State Energy Program (SEP) provides funding and technical assistance to states, territories, and the District of Columbia to enhance energy security, advance state-led energy initiatives, and maximize the benefits of decreasing energy waste. SEP emphasizes the state's role as the decision maker and administrator for program activities within the state that are tailored to their unique resources, delivery capacity, and energy goals.

Program Outcomes and Benefits:

Between 2010 and 2017 states implemented SEP funding that resulted in a wide range of benefits to the states, including:

- Implementation of energy security, resiliency, and emergency preparedness plans;
- Development of state-led strategic energy initiatives;
- Investments to expand use of energy resources abundant in a state;
- Reduced energy waste in more than 20,000 buildings (125 million square feet) through energy efficiency upgrades;
- Installation of more than 60,000 renewable energy systems (8 million kilowatt hours);
- Education of more than 2 million people in performing energy audits and upgrades;
- Successful piloting of innovative energy projects with the private sector, K-12 schools, and universities;
- Execution of Energy Savings Performance Contracts to undertake retrofit projects in public facilities; and
- Development of *implementation models* that serve as "how-to" guides for other states who wish to replicate the programs that are achieving energy efficiency savings.

Funding

State Energy Offices play a vital role in establishing plans and strategies to achieve state-led energy goals and priorities. Since 2010, SEP has provided more than $300 million to State Energy Office activities that result in reduced energy costs, increased economic competitiveness, and coordinated energy-related emergency preparedness and response.

SEP FUNDING HISTORY (2010-2016)

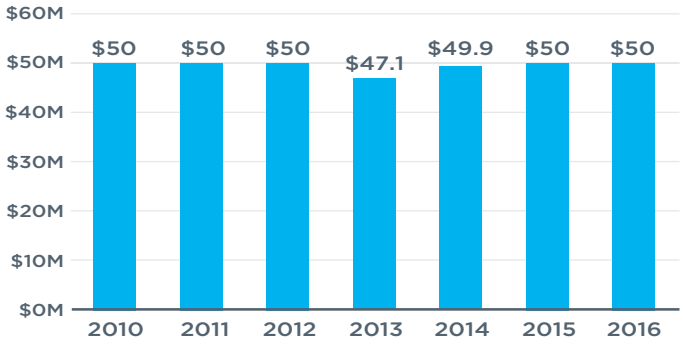


Chart does not include American Recovery and Reinvestment Act of 2009 funding.

States use SEP funds to address implementation and financing barriers to enable accelerated deployment of replicable, cost-effective, energy efficiency and renewable energy technologies.

Each year SEP awards funding competitively to states for projects that help states meet their energy goals and explore opportunities for regional collaboration and partnerships. In a typical year, SEP chooses areas on which to focus, and states may apply for funding under any area with the flexibility to choose specific topics or approaches to achieving their energy goals.

In 2016, SEP Competitive Awards in the amount of $5 million were awarded to applicants under three Areas of Interest:

- State Energy Planning
- Opportunities for Innovative Energy Efficiency and Renewable Energy Programs (topic areas include financing, benchmarking and disclosure, residential, working with local governments, and evaluation, measurement, and verification)
- Technical Assistance to Advance SEP Formula Grant Clean Energy Activities.

Examples of SEP-funded, state-led work include:

- New Mexico uses SEP funding to administer a pilot program - Local Energy Efficiency Performance (LEEP) - to reduce energy cost burdens for its local governments through increased use of energy savings performance contracts (ESPC). By executing ESPCs, there are no upfront costs required because building owners use future energy or operating cost savings to pay for the new energy-efficient equipment and services. Through the LEEP program, New Mexico's McKinley County retrofitted more than 40 buildings, producing 30% savings in operating costs, or about $350,000 per year.
- Rhode Island and four state partners – Arkansas, Massachusetts, Missouri, and Oregon – are increasing adoption of energy labeling in the residential real estate market by aligning Home Energy Rating (HER) and Home Energy Scores (HES) so that the data and scores are comparable and translatable. This project builds off New York's National Labeling group, which is working to harmonize scores for multifamily and commercial buildings. Coinciding with this effort are activities that will create model home energy disclosure and rating policies for other states to replicate with potential for significant energy reductions as a result of streamlined labeling.
- SEP supports Missouri's efforts to catalyze ratepayer-funded energy efficiency programs by creating a statewide technical reference manual (TRM) that will serve as a reference document for regulatory agencies, customers, and other stakeholders to consistently, reliably, and transparently calculate energy savings. The state is also developing a shared vision for how evaluation, measurement, and verification (EM&V) can evolve in the future. EM&V is the collection of approaches for determining and documenting energy and non-energy benefits resulting from end-use energy efficiency activities and programs. The TRM will help facilitate coordinated planning across all state utilities, which is projected to lead to greater energy savings (an estimated impact of 1.6 million megawatt hours of savings in 2020).

- Alabama invests SEP funds in a buildings energy efficiency program that saved $7.4 million in energy costs within the first two years.
- Ohio uses SEP funds in a successful, state-led, Energy Efficiency Program for Manufacturing. The multi-phase energy efficiency program launched in 2002 to assist small businesses, commercial, institutional, and manufacturing entities in reducing their energy costs through education and technical assistance services.
- Nevada lends SEP funds to help administer the Home Energy Retrofit Opportunities for Seniors Program, which helps income-qualified Nevada seniors to reduce energy costs by improving the energy efficiency of their homes. On average, the program saves an individual Nevada homeowner $927 each year.
- Nebraska's Dollar and Energy Saving Loan Program is one of the longest standing and highest volume energy efficiency revolving loan fund programs in the country and is reducing the interest rate for energy-related projects meeting minimum efficiency standards. Its current total loan pool today is approximately $37 million. ■

Successful Projects Implemented by the State Energy Offices Utilizing State Energy Program Funding

AL: Leveraged $98 Million in Energy Savings Performance Contracts

AK: Leveraged $350 Million in State Resources for Residential Energy Efficiency

AZ: Supported Energy Efficiency Improvements in 33 School Districts Statewide

AR: Leveraged $1.5 Million Grant for Alternative Lighting for Poultry Farm

CA: Supported 7,400 Energy Audits and Efficiency Improvements

CO: Supported Launch of Colorado Dairy and Irrigation Efficiency Pilot in 20 Farms and Dairies

CT: Helped Connecticut Businesses, Municipalities, and Residents Achieve $81.1 Million in Energy Savings

DE: $500,000 Helped Provide Energy Efficiency Rebates

DC: Supported Energy Benchmarking of 461 District of Columbia Government Buildings

FL: $250,000 Enabled the City of St. Augustine to Install Efficient LED Lighting

GA: SEP Funds Helped Launch Irrigation Efficiency Rebate Program, Resulting in 59 Issued Rebates Totaling $278,911

HI: Supported Public Building Retrofits Exceeding $40 Million in Annual Energy Savings

ID: Helped Idaho Schools Save Between $1.2 Million and $3.9 Million in Energy Costs

IL: $480,000 Supported Energy Efficiency Upgrades at Illinois Schools

IN: Supported Energy Retrofits in 11 Commercial and Industrial Plants

IA: Supported the Development of Multiple Projects, Including 25 Business Audits Resulting in Annual Savings of $50,000

KS: Facility Conservation Improvement Program (FCIP) Helped Save Taxpayers $20 Million

KY: Leveraged More than $4.4 Million for the School Energy Managers Projects (SEMP)

LA: $14.7 Million Used for Statewide Energy Efficiency Improvements

ME: Invested $4.5 Million to Achieve Greater Energy Efficiency in the Multi-Family Sector

MD: Supported $2.5 Million in Grants for Smart Energy Communities Program

MA: Provided $8 Million to Leverage $32 Million for Solar Rebate Program

MI: Helped Save $1.75 Million in Annual Energy Costs for Michigan State Office Complex

MN: Provided Rebates through $15 Million, "Trillion BTU Improvement Program"

MS: Supported Energy Efficiency Improvements in 278 Public Buildings

MO: $65,000 Used to Design and Implement the Missouri Home Energy Certification Program

MT: Supported the Launch of the SMART Schools Challenge in 46 Schools Throughout the State

NE: Expanded the Longstanding Dollar and Energy Savings Loan Program, Now Totaling Over $317 Million

NV: $25,000 Leveraged $43,336 for Street Lighting Replacements

NH: Retrofitted a State Hospital, Resulting in $14,800 in Annual Energy Savings

NJ: Supported the Installation of Innovative Energy Technologies in State Buildings

NM: Supported the Installation of PV Systems in 15 School Districts

NY: $326,511 Grant Helped New York Educational Services Board Reduce Energy Consumption

NC: $280,000 Helped Reduce Energy Consumption in State Owned Buildings

ND: $8,000 Supported Energy Efficiency Training for 1,070 Workers

OH: Leveraged to Invest $24 Million in Manufacturing Sector

OK: Utilized $3.95 Million to Convert 140 School Buses to Compressed Natural Gas

OR: Implemented Residential Program which Approved 21,365 Tax Credits for Renewable and Energy Efficient Systems

PA: Leveraged to Support $51 million in Home Energy Loans

RI: Supported the Replacement of 154 Highway Street Lights with High Efficiency LEDs

SC: Expanded the $1.5 Million Energy Efficiency Revolving Loan for the Commercial and Industrial Sectors

SD: Leveraged $84,127 to Upgrade Electric Motors in Public Facilities

TN: Helped Local Government and Housing Authorities Achieve $3 Million in Annual Energy Savings

TX: $239,000 Leveraged $7 Million for Clean Tech Start-Ups

UT: Leveraged $4.5 Million Utah Home Performance Program

VT: Leveraged $200,000 to Support Residential and Commercial Building Energy Standards

VA: $2.6 Million Leveraged to Provide $1.6 Million in Loans and Create 46 Jobs

WA: Leveraged $1.4 Million for Energy Efficiency Programs

WV: Funded Energy Efficiency Improvements in Public Buildings at Nine State Departments

WI: Helped Create a Clean Energy Revolving Loan Fund Totaling $39 Million

WY: Reduced Energy Costs in 32 Public Buildings, in Addition to Roadway Lighting Upgrades

115TH CONGRESS
1ST SESSION

H. R. 3050

AN ACT

To amend the Energy Policy and Conservation Act to provide Federal financial assistance to States to implement, review, and revise State energy security plans, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Enhancing State Energy Security Planning and Emergency Preparedness Act of 2017''.

SEC. 2. STATE ENERGY SECURITY PLANS.

(a) IN GENERAL.—Part D of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321 et seq.) is amended by adding at the end the following:

''SEC. 367. STATE ENERGY SECURITY PLANS.

''(a) IN GENERAL.—Federal financial assistance made available to a State under this part may be used for the implementation, review, and revision of a State energy security plan that assesses the State's existing circumstances and proposes methods to strengthen the ability of the State, in consultation with owners and operators of energy infrastructure in such State, to—

''(1) secure the energy infrastructure of the State against all physical and cybersecurity threats;

''(2) mitigate the risk of energy supply disruptions to the State and enhance the response to, and recovery from, energy disruptions; and

''(3) ensure the State has a reliable, secure, and resilient energy infrastructure.

''(b) CONTENTS OF PLAN.—A State energy security plan described in subsection (a) shall—

''(1) address all fuels, including petroleum products, other liquid fuels, coal, electricity, and natural gas, as well as regulated and unregulated energy providers;

''(2) provide a State energy profile, including an assessment of energy production, distribution, and end-use;

''(3) address potential hazards to each energy sector or system, including physical threats and cybersecurity threats and vulnerabilities;

''(4) provide a risk assessment of energy infrastructure and cross-sector interdependencies;

''(5) provide a risk mitigation approach to enhance reliability and end-use resilience; and

''(6) address multi-State, Indian Tribe, and regional coordination planning and response, and to the extent practicable, encourage mutual assistance in cyber and physical response plans.

''(c) COORDINATION.—In developing a State energy security plan under this section, the energy office of the State shall, to the extent practicable, coordinate with—

''(1) the public utility or service commission of the State;

''(2) energy providers from the private sector; and

''(3) other entities responsible for maintaining fuel or electric reliability.

''(d) FINANCIAL ASSISTANCE.—A State is not eligible to receive Federal financial assistance under this part, for any purpose, for a fiscal year unless the Governor of such State submits to the Secretary, with respect to such fiscal year—

''(1) a State energy security plan described in subsection (a) that meets the requirements of subsection (b); or

''(2) after an annual review of the State energy security plan by the Governor—

''(A) any necessary revisions to such plan; or

''(B) a certification that no revisions to such plan are necessary.

''(e) TECHNICAL ASSISTANCE.—Upon request of the Governor of a State, the Secretary may provide information and technical assistance, and other assistance, in the development, implementation, or revision of a State energy security plan.

''(f) SUNSET.—This section shall expire on October 31, 2022.''.

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 365(f) of the Energy Policy and Conservation Act (42 U.S.C. 6325(f)) is amended—

(1) by striking ''$125,000,000'' and inserting ''$90,000,000''; and

(2) by striking ''2007 through 2012'' and inserting ''2018 through 2022''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) CONFORMING AMENDMENTS.—Section 363 of the Energy Policy and Conservation Act (42 U.S.C. 6323) is amended—

(A) by redesignating subsection (f) as subsection (e); and

(B) by striking subsection (e).

(2) TECHNICAL AMENDMENT.—Section 366(3)(B)(i) of the Energy Policy and Conservation Act (42 U.S.C. 6326(3)(B)(i)) is amended by striking ''approved under section 367''.

(3) REFERENCE.—The item relating to ''Department of Energy—Energy Conservation'' in title II of the Department of the Interior and Related Agencies Appropriations Act, 1985 (42 U.S.C. 6323a) is amended by striking ''sections 361 through 366'' and inserting ''sections 361 through 367''.

(4) TABLE OF SECTIONS.—The table of sections for part D of title III of the Energy Policy and Conservation Act is amended by adding at the end the following:

"Sec. 367. State energy security plans.".

Passed the House of Representatives July 18, 2017.

Attest:

Clerk.

115TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
1st Session } { 115–

ENHANCING STATE ENERGY SECURITY PLANNING AND EMERGENCY PREPAREDNESS ACT OF 2017

JULY --, 2017.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. WALDEN, from the Committee on Energy and Commerce, submitted the following

R E P O R T

together with

_____ VIEWS

[To accompany H.R. 3050]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 3050) to amend the Energy Policy and Conservation Act to provide Federal financial assistance to States to implement, review, and revise State energy security plans, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Enhancing State Energy Security Planning and Emergency Preparedness Act of 2017".

SEC. 2. STATE ENERGY SECURITY PLANS.

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"(6) address multi-State, Indian Tribe, and regional coordination planning and response, and to the extent practicable, encourage mutual assistance in cyber and physical response plans.

"(c) COORDINATION.—In developing a State energy security plan under this section, the energy office of the State shall, to the extent practicable, coordinate with—

"(1) the public utility or service commission of the State;

"(2) energy providers from the private sector; and

"(3) other entities responsible for maintaining fuel or electric reliability.

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