TESTIMONY OF DAVID TERRY, PRESIDENT, NASEO, BEFORE THE U.S. SENATE ENERGY AND WATER DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE IN SUPPORT OF FY'25 U.S. DOE FUNDING – May 31, 2024

Chair Murray, Ranking Member Kennedy, and members of the Subcommittee, I am David Terry, President of the National Association of State Energy Officials (NASEO) 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: **$90 million for the U.S. State Energy Program (SEP)**; **$375 million for the Weatherization Assistance Program** (plus $52 million for the Readiness Fund and $15 million for T&TA); $399 million for the Building Technologies Office, with not less than $30 million for building energy codes, and $50 million for grid-interactive efficient buildings within EERE; $502 million for the Vehicle Technologies Office; $318 million for Solar Energy Technologies Office; $20 million for the R-STEP Program within EERE, which is helping states advance solutions to siting and permitting; the budget request for Strategic Programs within EERE; $200 million for CESER, including $28.5 million for Preparedness, Policy, and Risk Analysis; $293 million for the Office of Electricity including $95 million for energy storage and $50 million for regional electricity market development; $460 million for carbon management within FECM (equal to FY'23 and FY'24 levels); $70 million for FEMP; $2 million for the U.S. Energy and Employment Report; and $102 million for the Grid Deployment Office. An increase above the $2.891 billion for EERE in FY'24 is justified given the extraordinary energy affordability, climate, and reliability crises the nation is facing. We also recommend funding of $20 million (above the CESER base funding) for a new joint emergency planning and response program between DOE, DHS, state energy offices, and state emergency management agencies. **The $90 million SEP request is consistent with the "Dear Colleague" letter, signed by 42 Senators in FY'24 and the letter being circulated for FY'25.** The SEP statute provides states with flexibility to advance energy security, resilience, hydrogen, renewables, efficiency, emerging energy technologies, EVs, transmission and distribution grid planning and more in ways that link with state policy to achieve greater national energy impact. States also work collaboratively using SEP *formula* funds to accelerate results: Hydrogen Hub (OH, PA, CA, WA); Advanced Nuclear State Collaborative (e.g., TN, OH, ID, LA, WA, IL, NY) including the advanced nuclear state collaborative recent workshop in Knoxville; REVWest EV charging initiative (e.g., ID, NV, UT, WY); Microgrid Working Group (e.g., CT, KY, ID, IL, PA, TN, WA); Southeast Petroleum Response Collaborative (e.g., FL, KY, MS, SC, TN) and Western Petroleum Response Collaborative (e.g., AK, CA, WA, NV, ID) which responds to disruptions caused by natural and other disasters; and building-grid electric management (e.g., CT, ID, FL, ID, IL, NY, TN, PA). In the past, DOE has opted to "slice off" a portion of the SEP *formula* funds provided by Congress for DOE-directed competitive awards on DOE priority topics – nearly every state in the nation objects to that practice and opposes the large amounts of SEP funds DOE takes "off the top" for technical assistance. We urge Congress to explicitly provide the requested $90 million of SEP funds *as formula funding to states with no appropriated amount for use by DOE in providing technical assistance or for DOE-directed competitive activities*. The SEP *formula* funds allow states to leverage DOE's research activities and work with the private sector to improve electricity affordability and resilience, accelerate clean energy development, catalyze investments in carbon capture infrastructure, advance low-carbon hydrogen markets, support manufacturing energy efficiency, lower home energy costs through energy efficiency, and accelerate energy technology innovation through state-private sector partnerships. Two Oak Ridge

National Laboratory (ORNL) studies found that each $1 of SEP *formula* funds leverages $10.71 of state and private funds and realizes $7.22 in energy cost savings for citizens and businesses. With SEP funds the State Energy Offices lead energy security planning and response across electricity, natural gas, and petroleum. Finally, SEP is the key connection between billions of dollars spent by DOE on federal R&D priorities *and* the priorities of states. State energy policy guides energy markets and the DOE-state relationship must continue to be enhanced to achieve greater impact. A greater reliance by DOE on the states to ensure federal R&D meets real world conditions would maximize the impact of R&D funding and leverage deployment by states and the private sector. Below are examples of the states' use of SEP funds.

California–Development of Appliance Standards. California uses a portion of their SEP funds for efficiency standards such as portable air conditioners which saves 369 gigawatt-hours annually, and sprinklers which save 150 billion gallons of water annually. In 2022 and 2023, new standards for commercial air filters will save an estimated to 38 gigawatt-hours annually.

Louisiana–Carbon Capture, Hydrogen and Energy Efficiency Revolving Loans. The Louisiana State Energy Office plays a pivotal role in advancing large-scale carbon management and hydrogen projects, collaborative work with AR and OK on hydrogen development and end use. The office also uses SEP funds to support an energy efficiency loan fund for public-sector entities implementing energy efficiency upgrades such as a $1.7 million for Louisiana Tech University.

Alabama–Energy Efficiency for Local Governments and Security Plan Updates. Alabama awarded $2 million in SEP funds to local governments, schools, non-profit organizations, and others for implementing building energy efficiency improvements that also result in cost reductions. The grant recipients and their respective projects include building automation system installations, LED lighting installations, solar panel system installations, and heating and air-conditioning system enhancements in various public facilities across Alabama, ranging from water systems to educational institutions, churches, and community service centers. In addition, Alabama's Energy Security Plan is supported with SEP funds allowing for needed updates to adapt to changes in Alabama's energy portfolio and infrastructure.

Alaska–Energy Security, Resilience, and Charging Infrastructure. Alaska used a portion of their SEP funds to work with energy infrastructure stakeholders and upgrade their State Energy Security Plan to address security and resilience priorities across critical infrastructure. Alaska also used SEP funds toward the Alaska Electric Vehicle Working Group which focuses on charging infrastructure and includes such participants as the state's utilities, EV owners, vendors, municipalities, and others. Among the medium-term goals of the working group is increasing statewide charging units by 59, including two energy-storage supported level 3 chargers.

Delaware–Energy Efficiency Fund. The Delaware Energy Office operates a highly successful Energy Efficiency Investment Fund supported in part by SEP funds. Last year, the fund provided $9.2 million across 218 projects, avoiding 69.7 million kWh and 151,540 MMBtu annually; saving $4.9 million in annual energy costs; and reducing 57,429 metric tons of CO2 emissions, equivalent to 12,490 passenger vehicles driven for one year. Each dollar of funds leveraged $5.82.

Illinois–Leverage $16 Million with 79% of Funds Going to Disadvantaged Communities. The Illinois Energy Office used SEP funds to support upgrades at four publicly-owned wastewater treatment plants, leveraging $16,018,574 in funds from municipalities and saving 2,431,955 kWh annually. Of the funds awarded, 79% was granted to facilities serving disadvantaged communities.

Kentucky–Solar Share Cost Savings and Microgrids for Resilience. Kentucky used a portion of their SEP funds for a partnership with Kentucky Habitat for Humanity and Louisville Gas and

Electric and Kentucky Utilities Company to provide cost-saving community solar subscriptions to energy burdened households across Kentucky. The SEP funds help expand the impact of the successful collaboration with the utility's Solar Share Program. The state also used SEP funds to work with utilities, local emergency management authorities, and others to highlight microgrid deployment strategies across the state that will bolster state-wide energy system resilience against natural hazards. An array of geospatial and quantitative data was examined to look at Kentucky's critical infrastructure and natural hazards. A study document describing this work is entitled *The Kentucky Regional Microgrids for Resilience Study*.

Mississippi–Manufacturing Energy Efficiency. The Mississippi Energy Office uses a portion of their SEP funds for the Mississippi Industrial Energy Efficiency Program (MIEEP), which provides grants for Mississippi companies to install energy efficient upgrades, such as lighting, ventilation, water heating, that reduce energy use and costs and support workforce development.

Montana–STEM Education and State Veteran Retirement Homes Energy Upgrade. Montana used a portion of their SEP funds for the SMART Schools Challenge that provides students from across the state an opportunity to gain a hands-on experience around energy, agriculture, and infrastructure, and encourages STEM education. In 2023, school project submittals came from Helena, Missoula, Kalispell, Arlee, Belgrade, Red Lodge, Cohagen, Butte, Highwood, Havre, and Boulder. Montana has also used SEP funds to upgrade lighting and HVAC at Veteran retirement homes in Glendive and Columbia Falls.

New Hampshire–School Energy Cost Savings. The state used a portion of their SEP funds to work with New Hampshire Department of Administrative Services and promote building energy improvement strategies in state-owned buildings. The State operates over 700 buildings and has reduced energy use in state-owned and leased buildings by 17.3 percent between 2005 and 2022 and avoided $50 million in energy costs. New Hampshire also use SEP funds for the School Energy Efficiency Development (SEED) Grant which allows the selected school to make energy efficiency improvements, lower utility costs, and create a healthier learning environment for students and staff. For example, $80,000 was awarded to the New Boston Central School for LED lighting and controls, resulting in $21,000 in annual cost savings.

New Mexico–Public-Private Financing for Energy Efficiency. New Mexico used a portion of their SEP funds for their Energy Savings Performance Contracts Program which certified five energy saving projects totaling $44.9 million in energy efficient upgrades, of which $26.4 million was financed through the public-private financing process. SEP funds supported the review, evaluation of energy audits, certification of investment grade audits, and oversight of these projects. The five projects that were certified in 2024 will save taxpayers more than $1.3 million annually in utility spending.

North Dakota–Building Efficiency Upgrades. The state used a portion of their SEP funds to complete conversions to high-efficiency LED lighting in seven (7) education, government, and non-profit owned buildings, with a combined space of 103,000 square feet, resulting in an annual cost savings of $40,500. SEP funds were also used to support installation of 115 solar panels and an inverter at the Bismarck Public Schools Career Academy.

Oregon–Energy Planning, Data, and Residential Efficiency. Oregon used a portion of their SEP funds for their Biennial Energy Report which provides key data on Oregon's energy policies, resources, trends, and forecasts to help inform the legislature. The Report also offers recommendations on the development of a statewide energy strategy to align its policy, programmatic, investment and technical assistance efforts. Oregon also used SEP funds to develop a statewide Oregon Home Energy Score program. The program provides technical

assistance to Oregon cities interested in implementing city-specific scoring programs. Since 2016, over 25,000 residential building assessments have been conducted. All scoring programs use Oregon's legal framework alongside DOE's Home Energy Score.

South Carolina–Energy Innovation and Demonstration Grants for Schools and Communities. The State Energy Office used a portion of their SEP funds to support high-impact energy demonstration projects at colleges, local governments, and K-12 schools. Highly visible projects encourage utilization of cost-effective, emerging energy technologies. Cost sharing maximizes the benefits of such projects as the College of Charleston 5.92 kW solar system; City of Greenville 31.36 kilowatt (kW) solar system; and Richland School District Two purchase of equipment to expand the production and analytical capabilities of the Bengal Biodiesel program. Through a science course offered at Blythewood High School, students gain experience and produce biodiesel fuel to power the school's tractor and activity bus. The class increased production from 1 liter to 40 gallons per week and was on nationally known *MotorWeek*.

Tennessee–Charging Infrastructure – The Tennessee Energy Office used a portion of their SEP funds to support the TN Department of Transportation's (TDOT) development of the State's National Electric Vehicle Infrastructure (NEVI) plan, program design, and project management. The collaboration between the Tennessee Energy Office and TDOT on the states $88 million NEVI charging infrastructure investment was highlighted by *Forbes* as a best practice.

Washington–Energy Emergency Preparedness. The State Energy Office uses SEP funds to address critical energy security issues, such as responding to regional fuel emergencies caused by flooding and advancing the multi-state Western Petroleum Shortage Collaborative to limit the impact of petroleum supply disruptions resulting from weather, cyber, and physical threats.

Wisconsin–Community Solar and Microgrids. Wisconsin used a portion of their SEP funds to support community solar. For example, the Bluff Prairie Community Solar Farm in southwestern Wisconsin will generate 1.5 megawatts of electricity and provide nearly 2,000 community solar panel subscriptions to members of Vernon Electric Cooperative, about a quarter of which will be available at no cost to low-income households to help reduce residents' energy burdens. The project is the result of an innovative partnership between the State Energy Office, a local community action agency, and the Wisconsin Home Energy Assistance Program (WHEAP).The State has also used a portion of their SEP funds to create the Critical Infrastructure Microgrid and Community Resilience Center Grant Program which focuses on innovative pre-disaster mitigation through critical infrastructure microgrids and other resilient building strategies. Grants to 15 recipients totaling $915,265 were matched by $611,438 from awardees.

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