

**TESTIMONY OF DAVID TERRY, EXECUTIVE DIRECTOR, NASEO, BEFORE THE
U.S. SENATE ENERGY AND WATER DEVELOPMENT APPROPRIATIONS
SUBCOMMITTEE IN SUPPORT OF FY'22 U.S. DOE FUNDING – June 23, 2021**

Chairman Feinstein, Ranking Member Kennedy, 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: **\$121 million for the U.S. State Energy Program (SEP) with \$90 million directed for *formula grants to the states*** (plus \$5 million for technical assistance to states and \$25 million to address energy and air quality in schools); **\$325 million for the Weatherization Assistance Program (WAP)** (plus \$10 million for technical assistance); \$530 million for the Building Technologies Office, including \$100 million for building energy codes—especially funding to support state and local technical assistance, and \$50 million for grid-interactive efficient buildings; \$400 million for the Vehicle Technologies Office; \$280 million for the Solar Energy Program; \$56 million for FEMP, including \$2 million for the state collaborative; \$252 million for the Office of Cybersecurity, Energy Security, and Emergency Response, including \$50 million for energy-sector risk mitigation grants to states and \$20 million for program direction; \$225 million for the Office of Electricity, including \$25 million for Transmission Permitting and State Technical Assistance; and \$2 million for Office of Policy to produce the U.S. Energy Employment Report. **The \$90 million SEP request and \$325 million WAP request is supported by the “Dear Colleague” letter, signed by 45 members, you received last week, led by Mr. Reed and Ms. Collins.** These requests are separate from additional funding necessary for infrastructure and climate change responses. Section VI of the FY'21 House Energy and Water Development Appropriations bill is a good starting point for addressing climate and infrastructure, with funding for SEP, WAP and EECBG. DOE must move quickly to fill the 150 jobs within EERE, or the Subcommittee’s objectives and the Administration’s agenda will not be satisfied.

The underlying SEP statute provides extraordinary flexibility and reflects the states’ approach to advancing renewable energy, energy efficiency, transportation electrification, energy workforce development, resilience and climate actions, and energy-sector security. For example, the eight state REVWest initiative is advancing EV infrastructure and many states use SEP funds to accelerate this work. Southeastern states use SEP funds to collaborate on energy emergency planning, response, and resilience. States are coordinating on workforce development and equity programs with SEP. In addition, states from across regions use SEP funds to accelerate energy technology innovation initiatives in coordination with universities and the private sector. All of this work is accomplished through the SEP formula funds. Past Administrations have sought to “slice off” a portion of the SEP formula funds provided by Congress for DOE-directed competitive awards in areas selected by DOE. NASEO strongly opposes the use of this approach which limits states collaborative work on priority activities.

According to two Oak Ridge National Laboratory (ORNL) studies, SEP provides exceptional value. ORNL found that each dollar of SEP formula 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.

The State Energy Offices lead or co-lead energy emergency planning and response across

electricity, natural gas, and petroleum products. This state-federal-private function is a hallmark of SEP. NASEO also strongly supports the role of CESER. It is critical to increase program direction funds to manage and deliver these critical functions. Finally, SEP is one of the only connections between billions of dollars spent by DOE on R&D *and* the priorities of states. 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 the vast deployment capability of states. Greater coordination among EERE, FE, OE, CESER, ARPA-E and the states is necessary.

Below are a few examples of the states' utilization of SEP funding:

Alabama – The Alabama Department of Economic and Community Affairs (ADECA) supported energy efficiency upgrades at wastewater treatment plants and local facilities. ADECA issued 21 grants to local governments, universities, and nonprofits to reduce energy costs by making their facilities more efficient.

Alaska – Support LED Streetlight Replacement in 64 Rural Alaska Communities. The Alaska Energy Authority (AEA) used SEP funds to support outdoor lighting retrofits in rural communities. Through a public-private partnership, AEA's Village Energy Efficiency Program (VEEP), and despite the COVID-19 pandemic, communities have actively managed to implement their projects totaling \$2,156,851. Fourteen sites are complete, 594 lights have been replaced, and 225,774 kilowatt-hours (kWh) per year will be saved. Cost per kWh in these communities ranges between \$0.19 – \$0.86. All 64 sites are expected to be complete by September 30, 2021.

California – Supports Development of Appliance Standards. California uses SEP funds to develop and implement appliance and building standards. In 2020, appliance standards became effective for general services lamps (GSL), walk-in coolers and freezers, ceiling fans, ceiling fan light kits, portable air conditioners, spray sprinkler bodies, and pool pumps. New appliance standards will lead to energy and cost savings. For example, after GSL stock turns over, annual electricity savings will be 4,000-13,600 gigawatt-hours; portable air conditioners will realize 369 gigawatt-hours in savings; spray sprinkler bodies will save 150 billion gallons of water per year; and pool pump motors will save 62 gigawatt-hours annually.

Delaware – Evaluation of Energy Efficiency, Green Energy and Weatherization Programs. The Delaware Department of Natural Resources and Environmental Control's Division of Climate, Coastal and Energy recently completed the Year 2 comprehensive evaluation of our Energy Efficiency Investment Fund (EEIF), Green Energy Fund (GEF) and Weatherization Assistance Program (WAP). The evaluation was done by an independent contractor as required by the Evaluation, Measurement and Verification (EM&V) regulations that are promulgated in Delaware. The Total Resource Cost (TRC) test results from the evaluation were 2.98 for EEIF; 1.38 for GEF; and 1.22 for WAP. In other words, with TRCs above 1.0, our programs are successfully leveraging funds at a rate greater than every dollar we invest.

Illinois – Achieved 2,431,955 kWh Annual Savings in Environmental Justice Communities. The Illinois Energy Office used SEP funds to support upgrades at four publicly-owned wastewater treatment plants in 2020, leveraging \$16,018,574 in matching funds from municipalities and saving 2,431,955 kWhs annually. Of the total \$2,527,424 in funds awarded, 79% of was granted to facilities serving EJ communities.

Kentucky – Support COVID-19 Energy System Response, Provided Generators for COVID-19 Testing Sites. The Kentucky Office of Energy Policy (KY OEP) used SEP funds to

perform critical emergency functions in response to the COVID-19 pandemic. During the commonwealth's response, KY OEP coordinated with the Kentucky Public Service Commission to support Emergency Support Function 12 – Energy (ESF-12); Commonwealth agencies' response to energy issues in the Commonwealth; state level situational awareness around energy issues during an emergency; and with the private sector for the emergency repair and restoration of critical public energy utilities (i.e. gas, electric, fuels, etc.).

Louisiana – Key Corridor LED Lighting Results in Energy Cost and GHG Reductions.

The Louisiana State Energy Office partnered with Orleans Parish to install LED street lighting along two highway corridors, resulting in an estimated savings of approximately 40 percent in utilities costs, annual energy savings of 9,520,754 kWh, 7,946 tons of greenhouse gas emissions. The project was made possible through the SEP-supported Energy Efficiency Revolving Loan Fund, a program that was established in 2001 to offer low interest, tax exempt financing for public entities implementing approved renewable energy and energy efficient upgrades. The program has resulted in over 30 low interest public sector loans totaling \$23.6 million.

Maine – Support Clean Energy and Climate Efforts, Energy Efficiency Initiatives, and COVID Coordination. In Maine, the Governor's Energy Office (GEO) used SEP funding to pursue, develop, and implement nation-leading energy initiatives, including a floating offshore wind demonstration project and new programs aimed at installing 100,000 new high efficiency air source heat pumps by 2025. In 2020, the GEO assisted in the development of the state's 4-year climate action plan – Maine Won't Wait. This plan outlines how Maine will achieve the statutory requirement to reduce greenhouse gas emissions of 45 percent by 2030 from 1990 levels and 80 percent by 2050.

Michigan – Energy Efficiency Upgrades Help Michigan Communities Save \$241,874

Annually. The Michigan Energy Office-supported Community Energy Management (CEM) program enabled energy benchmarking in 708,380 square feet of buildings, with initial savings estimates of \$241,874 annually after energy efficiency upgrades. CEM, funded in part by SEP, offers financial incentives directly to municipalities, tuition-free K-12 schools, and other community-serving public entities to accelerate the transition to energy efficiency and renewable energy. Projects range from creating energy plans, benchmarking and auditing, lighting and HVAC, to solar installations. This program allows communities to lead by example.

Montana – Delivers Personal Protective Equipment to Essential Workers, Leads Energy Emergency Response. The Montana Energy Office leveraged SEP funding to respond to energy emergencies resulting from the COVID-19 pandemic, including delivering personal protective equipment to essential energy workers. The Montana Energy Office coordinates the state's Emergency Support Function 12 (ESF-12), the team charged with monitoring and responding to energy supply emergencies. Leveraging key funding from the State Energy Program, Montana's ESF-12 team reached out to utilities, refineries, and businesses across the energy sector to determine impacts of the pandemic on energy supply operations.

New Hampshire – Reduced Local School Energy Costs. One example of the results of New Hampshire's annual School Energy Efficiency Development (SEED) grant program is the Lempster Community School. This schools saved over \$7,000 in annual energy costs in 2020.

New Mexico – Grid Modernization Roadmap Improves the Reliability, Efficiency, and Security of the Power System. In 2020, SEP funds were used to provide support for the development of the Energy Grid Modernization Roadmap that will help New Mexico improve the reliability, efficiency, and security of the power system. The New Mexico State Energy Office launched the Grid Modernization Advisory Group in September 2020.

North Dakota – Deploy Solar Panels Bolster Resiliency, Educate Students at Career

Academy. Supported installation of 115 panels and an inverter at the Bismarck Public Schools Career Academy in October 2020. In addition to powering the building, instructors at the school plan to start incorporating the panels into their lessons. The solar array was funded by a \$92,000 State Energy Program grant through the North Dakota Department of Commerce.

Oregon – Transitioning to Cleaner, Low-Carbon Energy Future. The Oregon Department of Energy (ODOE) released its 2020 Biennial Energy Report, which covers a range of energy topics germane to the state, and is designed to inform the legislature, state and local governments, other key stakeholders, and the public on policy development, planning, and investments. The 2020 Report offers discussions on an array of energy topics, including decarbonization, the transition of the electric grid, innovation in the natural gas system, cleaner transportation, the effects of the pandemic on the energy sector, and the built environment and Oregon’s communities.

South Carolina – Support Electric Vehicles and Decrease GHG Emissions from State Fleet.

Using SEP funds, the South Carolina Energy Office purchased the first state fleet electric vehicle (EV) and installed EV charging stations at state parks. In 2016, the State Energy Plan included a “Lead by Example” recommendation to increase transportation fuel efficiency and diversity.

Tennessee – Creates Plan to Double EV Charging Stations. The Tennessee Energy Office used SEP funds to support the roll-out of a statewide network of EV fast-charging stations, which will result in doubling the number of available EV fast-chargers. In 2019, Drive Electric Tennessee released a roadmap to increase EV adoption to 200,000 EVs (up from 11,000 EVs). This network will connect rural and urban areas and will improve efficiency and resiliency.

Vermont – Support Low-Carbon Technologies Through Rate Design Initiative. In Vermont, the State Energy Office directed SEP funds to support the development of the Vermont Rate Design Initiative (RDI), which identified advanced forms of load management and rate designs to foster low-carbon technologies, customer-sited renewables, and energy storage that will further energy and environmental objectives while minimizing ratepayer challenges from electrification and power sector transformation over the long term. The Department of Public Service continues to build on progress in the RDI through its role as the State Energy Office.

Washington – Develop State Energy Strategy, Prioritizes Underserved Communities.

Washington’s Energy Office helped the state move toward a clean, affordable, and just energy future by completing legislative rulemakings, developing a new state energy strategy, and incorporating equity principles into clean energy programs. Washington completed rules related to the clean electricity, clean buildings and new energy efficient appliance standards legislation passed in 2019. The state charted the next frontier of energy policy opportunities by completing the 2021 State Energy Strategy. The State Energy Office also administers the Clean Energy Fund grant awards, which prioritize communities underserved by EV infrastructure.

Wisconsin – Create a \$25 Million Energy Innovation Program. The Wisconsin State Energy Office implemented a program for manufacturers, municipalities, tribes, and k-12 school districts to increase energy efficiency and the use of renewable energy and transportation technologies, bolster resiliency in the energy system, and advance energy planning. For example, \$5 million provided to 30 that leveraged \$4.5 million in local and private energy investments.

Contact Information: David Terry, NASEO Executive Director (dterry@naseo.org) (1300 North 17th Street, Suite 1275, Arlington, VA 22209) and Jeff Genzer, NASEO Counsel (jcg@dwgpc.com).