

TESTIMONY OF DAVID TERRY, PRESIDENT, NASEO, BEFORE THE U.S. HOUSE ENERGY AND WATER DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE IN SUPPORT OF FY'24 U.S. DOE FUNDING – April 17, 2023

Chair Fleischmann, Ranking Member Kaptur, 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 robust funding for the Readiness Fund); \$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; \$905 million for the Vehicle Technologies Office (FY'23 levels); \$318 million for SETO (FY'23 levels); \$330 million for CESER, with robust support for ISER and program direction; a robust increase for the Office of Electricity above the \$330 million in FY'23 including \$81 million for energy storage and \$50 million for regional electricity market development; \$464 million for carbon management within FECM; \$82 million for FEMP; \$2 million for the U.S. Energy and Employment Report; and \$106 million for the Grid Deployment Office. An increase above the \$3.46 billion for EERE in FY'23 is justified given the extraordinary energy affordability, climate, and reliability crises the nation is facing. We also recommend a new joint emergency planning and response program between DOE, DHS, the state energy offices, and the state emergency management agencies. **The \$90 million SEP request is consistent with the “Dear Colleague” letter, signed by 112 Members.** The SEP statute provides states with flexibility to advance energy security, resilience, hydrogen, renewables, efficiency, 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: HALO Hydrogen Hub (LA, OK, AR); Advanced Nuclear State Collaborative (e.g., TN, ID, OH, LA, NY, WA); [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 has objected to that practice. States also oppose 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 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 or co-lead energy emergency planning and response across electricity, natural gas, and petroleum products in coordination with DOE’s CESER—which provides exceptional leadership and technical expertise to the states and energy industry. Finally, SEP is the key connection between billions of

dollars spent by DOE on R&D *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 the deployment capability of states. Below are a few examples of the states' utilization of SEP funds.

Tennessee—Regional Energy Security. In August 2022, the State Energy Office collaborated with the Tennessee Emergency Management Agency and the Tennessee Valley Authority to conduct an exercise with 90 participants from eight states. The exercise involved severe winter weather, long-term power outages, and a cyberattack on a natural gas pipeline. This exercise was valuable as many participants were then involved in responding to Winter Storm Elliot in December 2022 when TVA ordered the first major curtailment in its 89-year history.

Ohio—Hospital and School Energy Efficiency. The Ohio State Energy Office uses SEP funds to help non-profit hospitals and public schools to implement energy efficiency improvements that lower energy costs. For example, an \$800,000 Energy Efficiency Grant Program provided applicants funding to install efficiency measures. A total of 17 projects in 14 counties were funded with energy cost savings to date of \$541,365.

California—Development of Appliance Standards. California uses SEP funds for appliance efficiency standards. In 2020 California's general services lamps standard became national, and in 2021 they established standards for desktop/notebook computers, gaming systems, and pool pumps. Examples of previous standard successes: portable air conditioners saving 369 gigawatt-hours annually, and sprinklers saving 150 billion gallons of water annually.

Florida—Resilience at 86 Schools/Shelters. The Florida Energy Office installed PV arrays and battery back-up at 86 schools that also serve as emergency shelters. These systems provide

power to critical loads during emergencies, and they have weathered numerous storms and hurricanes with the majority of the PV systems surviving severe weather events.

Idaho—Energy Planning and Emergency Preparedness. The Idaho State Energy Office uses SEP funding for such activities as energy emergency planning and assisting rural communities with energy efficiency through the state’s Government Leading by Example program. Idaho has also updated its emergency fuel shortage plan and participates in energy emergency exercises.

Illinois—Leverage \$16 Million with 79% of Funds Going to EJ 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 EJ communities.

Louisiana—Carbon Capture and Energy Efficiency Revolving Loans. The Louisiana State Energy Office plays a pivotal role in advancing large-scale carbon management and hydrogen projects, such as the HALO hydrogen hub with AR and OK. The office also uses SEP funds to support an energy efficiency loan fund for public-sector entities implementing energy efficiency upgrades. The program has made such loans as \$1.7 million for Louisiana Tech University.

Mississippi—Manufacturing Energy Efficiency. The State Energy Office used SEP funds to support Mississippi Industrial Energy Efficiency Program grants. Each awardee completed an ASHRAE Level II energy audit and the state provided cost share for these audits. These projects are expected to save \$1.6 million over five years with companies saving 6% in energy costs.

Nevada—EV Charging Installation Along Nevada Highways. The Nevada Energy Office uses SEP funds to support transportation electrification through the Nevada Electric Highway program and participation in the Regional Electric Vehicle Plan for the West—an 8 state partnership. The program leveraged \$3.7 million in VW funds, \$500,000 in state funds, and \$2.6

million from local utilities to construct over 30 EV charging sites across the state.

New York–Efficiency and Electrification Study. The state used SEP funds to support the Assessment of Energy Efficiency and Electrification Potential in Residential and Commercial Buildings. The study was conducted by NYSERDA, in consultation with the State Department of Public Service, the New York State investor-owned utilities, the Long Island Power Authority, and the New York Power Authority. This study estimates energy savings potential over a 20-year period, through the technical, economic, and market opportunities of energy efficient and electrification technologies.

Oklahoma–Energy Risk and Resilience. The State Energy Office collaborated with the University of Oklahoma to conduct a thorough risk analysis of Oklahoma’s energy profile, background and vulnerabilities to inform the update of the state’s Energy Security Plan.

Pennsylvania–Energy Security. The State Energy Office used SEP funds to improve their Energy Security Plan and address specific hazards. SEP funds were also used for feasibility studies of onsite generation and storage at critical facilities in Philadelphia, Meadville, Allegheny County, and the Eldred Township Volunteer Fire Company.

Washington–Energy Emergency Response. The State Energy Office utilizes SEP funds to address critical energy emergency issues, such as responding to a regional fuel emergency caused by flooding in 2021. The State Energy Office collaborated with British Columbia and the multi-state Western Petroleum Shortage Collaborative to achieve a positive outcome.

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