TESTIMONY OF DAVID TERRY, PRESIDENT, NASEO, BEFORE THE U.S. SENATE ENERGY AND WATER DEVELOPMENT APPROPRIATIONS SUBCOMMITTEE IN SUPPORT OF FY'26 U.S. DOE FUNDING – May 29, 2025

Chairman Kennedy, Ranking Member Murray, 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); and \$375 million for the Weatherization Assistance Program (plus \$52 million for the Readiness Fund and \$15 million for T&TA). Level funding for FY'26 as compared to FY'24 is called for with respect to the following programs: Office of Electricity; Office of Cybersecurity, Energy Security and Emergency Response; Grid Deployment Office; Building Technologies Office, with not less than \$15 million for building energy codes, and \$50 million for grid-interactive efficient buildings within EERE; Vehicle Technologies Office; Bioenergy Technologies Office; the Solar Energy Technologies Office; Geothermal Technologies Office; the R-STEP Program within EERE, which is helping states advance solutions to streamline siting and permitting; Office of Fossil Energy; Office of Nuclear Energy; and FEMP. Level funding for EERE, OE, CESER, NE, GDO, and FE, in FY'26 (as compared to FY'24) is justified given the extraordinary energy affordability and electricity reliability crises facing the nation. The \$90 million SEP request is consistent with the "Dear Colleague" letter, signed by 36 Members in FY'26. The SEP statute provides states with flexibility to advance energy security, nuclear power, resilience, hydrogen, renewables, efficiency, storage, technology innovation, transmission and distribution grid modernization in ways that link federal policy goals with state policy actions and private-sector solution to achieve greater national energy security and economic impact. States also work collaboratively using SEP formula funds to accelerate results: First Movers Nuclear Initiative, led by IN, KY, LA, MD, NY, PA, UT, VA, WV, and WY; REVWest EV charging initiative (ID, NV, UT, WY); Microgrid Working Group (e.g., CT, ID, IL, KY, PA, TN, WA); Southeast Petroleum Response Collaborative (e.g., FL, KY, MS, SC, TN); and Western Petroleum Response Collaborative (e.g., AK, CA, NV, ID, WA,) which responds to disruptions caused by natural, cyber, and other disasters; and buildinggrid electric load management (e.g., CT, FL, ID, IL, NY, TN, PA, VA). We urge Congress to explicitly provide the requested \$90 million of SEP funds as formula funding to states. The SEP formula funds supports states response to energy emergencies (physical and cyber) in coordination with utilities and petroleum providers and to leverage DOE's research activities and work with the private sector to improve electricity affordability and reliability, accelerate energy development, catalyze investments in nuclear power, 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 which include getting more power on the grid at lower costs. State energy policy supports private energy market expansion 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.

Louisiana – The Louisiana Office of Energy, in partnership with Jefferson Parish, part of the Greater New Orleans area known as Old Metairie, used SEP formula funds to modernize street lighting infrastructure. The Office also uses SEP funds to support an energy efficiency loan fund for public sector entities such as a \$1.7 million upgrade at Louisiana Tech University.

Washington – The Washington State Energy Office used SEP formula funds to enhance energy security and resilience in its most rural, remote, and end-of-the-line communities. In just 19 months, it has supported over 75 communities, advancing projects valued at more than \$80 million. Microgrid projects were built for the Lyle Fire Department in Klickitat County and the Toppenish School District in Yakima County to enhance resilience and security.

Alabama – The Alabama State Energy Office utilizes SEP formula funds to enhance energy affordability and increase energy efficiency across various sectors. For example, the Gadsden Board of Education used SEP funds to implement lighting and heating system upgrades, and the City of Millbrook renovated its civic center and wastewater facilities, achieving significant savings.

Alaska – 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. Some key developments based on the Task Force recommendations include establishment of a Railbelt Transmission Organization, which was later funded by the legislature.

Delaware – Delaware uses SEP formula funds to support Delaware's Energy Efficiency Advisory Council (EEAC) which works with utilities to fund and implement cost-effective energy efficiency programs. In 2023, Delaware's utilities, working with the Council, implemented efficiency programs that achieved energy savings equivalent to approximately 6,575 homes powered for a year through electric savings and more than 8,470 homes heated for a year through gas savings.

Georgia – The Georgia Energy Office used SEP funds to enhance the Building Operator Certification program for K-12 and higher education building maintenance operators throughout the state. Overall, Georgia's investment using SEP funds not only supports the development of skilled building operators but also contributes to substantial energy efficiency and utility cost savings within Georgia's educational facilities.

Illinois – The Illinois Energy Office worked with the Illinois Sustainable Technology Center and the Smart Energy Design Assistance Center to identify efficiency and resilience opportunities at wastewater treatment plans and public water systems across the state. Using SEP funds, the energy office and partners performed 42 assessments across 40 public water facilities, and identified 5,054,174 kWh in energy savings and \$459,168 in cost savings.

Kentucky – The Kentucky Office of Energy Policy invested over \$700,000 in SEP funding over the past year to reduce the energy burden and improve the comfort and safety of Kentucky homes. Utilizing SEP funds provided by the state, Kentucky Habitat for Humanity will purchase solar shares from their partner, Louisville Gas and Electric and Kentucky Utilities, and add the shares to the household utility bills of low-income Kentucky families who earn between 25% and 60% of Area Median Income. These shares will be added to the utility bills of newly constructed homes in the Dawson Springs area impacted by the 2021 tornadoes and will provide an estimated cost savings of between 25% and 60% on their electric bills for a term of 25 years. **Michigan** – The Michigan State Energy Office uses SEP funds to help communities plan for and enhance energy resiliency, and reduce energy costs through the Community Energy Management (CEM) program. CEM is designed to meet local governments wherever they are on the energy management spectrum. Accordingly, CEM can be used to fund a range of energy-related projects such as energy management, energy efficiency upgrades, financing solutions, and energy workforce development.

Mississippi – The Mississippi Energy Office uses SEP funds to increase energy capacity, supporting state-driven economic development while managing rising energy demands. SEP funds also support a statewide revolving loan fund and industrial grants for energy efficiency and partnerships with educational institutions.

New Mexico – The New Mexico Energy Office used SEP formula funds to leverage local government resources to support projects that strengthen the energy security and resiliency of communities and electric grid infrastructure. In 2021, SEP funds were leveraged to help Albuquerque develop a command-and-control system for all buildings and other assets (affectionately called "The BRAIN") resulting in over \$100,000 of savings per month on energy and water costs. This project has inspired other local governments across New Mexico to replicate it. The New Mexico State Energy Office also continued to use SEP funds to support the Guaranteed Energy Savings Performance Contracting Program, which since 2013 has resulted in over \$277 million of bill savings. Last, New Mexico State Energy Office uses SEP funds to support grid emergency planning and preparedness, especially around wildfires and supporting the state's military bases and National Labs.

North Dakota – The North Dakota State Energy Office used SEP funds to expand workforce development in the energy sector. The State Energy Office worked with community colleges to launch the second electrician program in the state, expected to produce around 20 graduates annually. Williston State College introduced the Digger Derrick Program to train for utility pole installation, addressing local training needs for rural cooperatives.

Oregon – The Oregon Department of Energy used SEP funds to work with jurisdictions to develop home energy scoring policies that advance consumer education and awareness of energy consumption, and help consumers save money on utilities.

South Carolina – The South Carolina Energy Office uses SEP funds to support a mini-grant program that awards funds to high-impact projects to support energy affordability and efficiency. In 2022, \$65,700 of SEP funds produced an estimated \$362,745 of energy cost savings over eight projects, as well as 28,155 MMBTUs of energy saved — equivalent to the electricity used to power over 700 homes for over a year.

South Dakota – The South Dakota Energy Office uses SEP formula funds to reduce energy costs in state-owned buildings and save taxpayer dollars. In 2023, the energy office supported energy upgrades in four state-owned buildings, which resulted in approximately \$28,440 in energy cost savings per year, with 387,685 kWh of energy saved per year.

Tennessee – The Tennessee Energy Office used SEP formula funds to support the Tennessee Nuclear Energy Advisory Council. In May 2023, Governor Bill Lee established the council through Executive Order 101 to advance the state's nuclear leadership. The council's work focused on analyzing regulatory, workforce, and educational barriers to nuclear energy expansion, exploring funding opportunities and developing strategies to position Tennessee as a national leader in nuclear energy innovation. **Wisconsin** – The Wisconsin Office of Energy Innovation used SEP funds to support the Wisconsin Refueling Readiness grant program, which facilitates the fueling of emergency vehicles during major power outages by expanding the network of designated disaster fueling facilities throughout the state. SEP funds are provided to publicly and privately-owned fueling stations and bulk petroleum shortage facilities to install wiring for a generator to restore power to the fueling/distribution areas as quickly as possible. Since the program's inception, SEP funds have made backup power available at 50 convenience stores, highway shops, and bulk petroleum storage facilities across the state.

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