Testimony Of David Terry, President, NASEO, on Fiscal Year 2027 Appropriations Before the U.S. House of Representatives Committee on Appropriations, Subcommittee on Energy and Water Development and Related Agencies

Chairman 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 priority funding for these U.S. Department of Energy (DOE) programs: We urge Congress to explicitly include in BILL TEXT, "***$90 million for the U.S. State Energy Program (SEP) specifying 95 percent of these funds for formula grants to the State Energy Offices in accordance with the formula that was in place as of January 2026; and $375 million for the Weatherization Assistance Program (plus $15 million for T&TA and $52 million for the Readiness Fund)***." Increased funding is also called for in the following DOE programs: Electricity; Cybersecurity, Energy Security and Emergency Response; Hydrocarbons and Geothermal; Nuclear Energy; Building Technologies; Vehicle Technologies; Solar Energy Technologies; and DOE's critical minerals and materials activities now being led by the Office of Critical Minerals and Energy Innovation. Increased funding for these programs is justified given the extraordinary energy affordability, reliability, and security challenges facing the nation. **The $90 million SEP request is consistent with the FY'27 "Dear Colleague" letter, signed by 128 Members of Congress and 44 U.S. Senators.** The SEP statute provides states with flexibility to advance energy security and cybersecurity, transmission and distribution planning, permitting, nuclear power, storage, technology innovation, renewables, efficiency, and critical minerals – linking federal policy goals, supportive state policy actions, and private-sector solutions. States work together using SEP *formula* funds to accelerate results: First Movers

Nuclear Initiative, led by IN, KY, LA, MD, NY, PA, TN, UT, VA, WV, and WY; State Geothermal Power Accelerator, led by AK, AZ, CA, CO, HI, ID, LA, MT, NV, NM, OR, PA, UT, WA, and WV; Southeast Petroleum Emergency Response Collaborative (e.g., FL, KY, MS, SC, TN); and Western Petroleum Emergency Response Collaborative (e.g., AK, CA, NV, ID, WA,) – both collaboratives help states and DOE respond to energy disruptions caused by natural disasters and cyber/physical events. The SEP *formula* funds support states response to energy emergencies (weather, physical, cyber) in coordination with electric and natural gas utilities and petroleum product providers, and leverage DOE's research activities and work with the private sector to improve affordability and reliability, accelerate energy development, catalyze investments in nuclear power, support manufacturing energy efficiency, lower home energy costs, 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. Finally, SEP is the key connection between billions of dollars spent by DOE on R&D *and* the priorities of states such as getting more power on the grid at lower costs and delivering energy innovations across all sectors. NASEO recommends robust funding for DOE's research, development, demonstration, and deployment activities with specific encouragement to DOE and National Laboratories to more fully engage with State Energy Offices for help in opening markets for the private sector ensure the United States' continued energy leadership and competitiveness. A far greater DOE partnership with states would ensure federal R&D meets real world needs to maximize and speed results. Below are select examples of the states' use of SEP funds. NASEO also supports funding of $36 million for the portion of ENERGY STAR proposed to be shifted from EPA to DOE.

The **Tennessee** Energy Office used SEP funds to support the state's response and recovery from Winter Storm Fern. The Energy Office supported local power companies with power restoration prioritization for critical infrastructure and coordinated the securing of backup generators, distributing propane fuel supplies, debris and waste management, and mutual aid for repairs. The Energy Office is also using SEP funds to work with TVA, Y-12, and Oak Ridge to promote nuclear in TN. The **Ohio** Energy Office utilized SEP formula funding to support Energy Efficiency Programs for Manufacturers, commercial businesses, municipal governments, universities, schools, and hospitals. In 2025, the program assisted 12 Ohio manufacturers by identifying opportunities for energy savings and developing an energy management plan. The program also assisted 38 commercial businesses, non-profits, municipal governments, universities, schools, and hospitals in conducting energy audits and identifying potential energy savings. The projected annual savings is $4.1 million a year. The **California** Energy Office uses a portion of their SEP funds to advance energy affordability through strengthened appliance standards. In 2025, minimum standards for lighting, battery chargers, computers, and other appliances delivered over $11 billion in bill savings to Californians. The **Florida** Energy Office used SEP funds to create an energy efficiency program to assist local governments in implementing projects to reduce energy costs in the transportation, buildings, and other sectors. Projects were awarded to nine communities and included such measures as energy-efficient lighting and efficient heating and cooling systems. For example, Bonifay's lighting retrofits reduced energy and maintenance costs 50 percent; and Okeechobee replaced HVAC systems with efficient systems which showed a reduction in usage and service charges of approximately 32percent. The **Idaho** Energy Office is using SEP funds to reduce energy costs and improve efficiency in public buildings and businesses. In 2025, the state invested than $4 million in

energy efficiency upgrades across 4 homes, 6 public buildings, and 16 rural schools. These efforts ensure classrooms are warmer in the winter at lower costs and with more comfortable learning environments year-round. The **Indiana** Energy Office used SEP funds to conduct a comprehensive assessment of rare earth elements and other critical material in the state, providing strategic recommendations for leveraging Indiana's resources to support domestic supply chains. SEP funds were also used to evaluate high-temperature geothermal potential across Indiana by compiling existing data and informing policymakers, utilities, and developers. The **Mississippi** Energy Office leveraged SEP funds to convene state and private sector leaders at the 2026 Mississippi Natural Resources Summit, to explore use of direct lithium extraction and other rare earth elements. Mississippi is also engaging with ORNL's METALLIC initiative, as well as the Mississippi Mineral Research Institute at the University of Mississippi, to use physics-driven AI to interpret legacy data and create high-fidelity subsurface models of the Smackover Formation. Mississippi's actions are de-risking investments and ensuring that the economic benefits from geological resources accrue to local communities. The **Nevada** Energy Office uses SEP formula funds to support the development of a Lithium Circular Economy through the Recharge Nevada initiative; supports a home energy retrofit opportunities program for senior citizens; and enables the expansion of geothermal energy research and development and strengthens workforce programs to address critical energy-sector skill gaps. The **Pennsylvania** Energy Office used SEP funds to support the Shared Energy Manager Program, which has helped local governments in the state save over $2.8 million on energy in 2024**.** In 2025, SEP funds also supported the development of Pennsylvania's Comprehensive Energy Assessment, which serves as the foundation for long term energy planning in economic development, energy reliability, and energy affordability. The **South Carolina** Energy Office

uses SEP funds to manage the Energy Efficient Manufactured Homes Labeling Program, which provides energy labels to manufactured homes that meet minimum energy efficiency criteria as determined by the state. As of 2025, 93,975 labels have been requested by manufacturers since 1998, resulting in $10,583,211in lifetime energy cost savings. The **Texas** State Energy Office used SEP formula funds to support Clean Tech Incubators in partnership with the University of Texas at Austin and Texas A&M Engineering Extension Service. SEP funds were leveraged to support 181 jobs and generate $24,996,582 in economic activity in Texas in FY25. In addition, the SEP-supported LoanSTAR revolving loan program has been instrumental in enabling impactful energy efficiency projects throughout the state. As of September 1, 2025, the LoanSTAR Program has funded more than 355 loans totaling over $648 million, with total cumulative energy savings exceeding $890 million, providing direct savings to Texas taxpayers. The **Utah** Energy Office used SEP funds to support methane leakage detection efforts using drone technology, transportation efficiency initiatives, industrial assessment centers, and the development of modeling software to determine optimal energy resources for Utah. The **Washington** State Energy Office used SEP funds to enhance energy security and resilience in rural and remote communities. In 19 months, it supported 75 communities, advancing projects valued at $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. In 2025, Washington awarded $16.8 million to support 22 tribal clean energy and resilience projects across 17 tribal communities.

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