

**TESTIMONY OF DAVID TERRY, EXECUTIVE DIRECTOR, NASEO, BEFORE THE
U.S. SENATE ENERGY AND WATER DEVELOPMENT APPROPRIATIONS
SUBCOMMITTEE IN SUPPORT OF FY'23 U.S. DOE FUNDING – June 15, 2022**

Chair Feinstein, Ranking Member Kennedy, and members of the Subcommittee, I am David Terry, Executive Director 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)** as *formula funding* to states with no more than 5% of the appropriated amount for use by DOE in providing technical assistance and support; **\$375 million for the Weatherization Assistance Program** (with robust funding for the innovation and resilience funds); \$392 million for the Building Technologies Office, with \$20 million for building energy codes, and \$50 million for grid-interactive efficient buildings; \$602 million for the Vehicle Technologies Office; \$535 million for SETO; \$202 million for CESER, with robust support for ISER and program direction; A robust increase for the Office of Electricity including \$81 million for energy storage and \$50 million for regional electricity market development; \$478 for carbon management within FECM; \$100 million for FEMP; and \$90 million for the Grid Deployment Office. The DOE \$4 billion request for EERE is justified given the extraordinary energy affordability, climate, and reliability crises the nation is facing.

A bipartisan “Dear Colleague” letter led by Mr. Reed and Ms. Collins supporting funding for SEP and Weatherization was received and signed by 47 Members. The SEP statute provides states with flexibility to advance energy affordability and security, resilience, renewables, efficiency, EVs, grid planning and more in ways that link with state policy to achieve greater national impact. States work collaboratively using *SEP formula funds* to accelerate results: [REVWest EV charging initiative](#) (e.g., AZ, ID, NV, UT, WY); Microgrid Working Group (e.g., KY, IL, PA, TN, WA); Southeast EV initiative (e.g., KY, TN, AL); the [Western Petroleum Response Collaborative](#) which responds to supply disruptions caused by natural disasters (e.g., AK, WA, CA, OR); coordination on carbon utilization and hydrogen (e.g., LA, ND, WY, MT, AZ, CO); and [building-grid electric management](#) (e.g., CA, GA, WA, MS, IL, OR, TN, SC). Past Administrations have taken a portion of the SEP *formula funds* provided by Congress for competitive awards on DOE-directed priority topics. NASEO strongly opposes this approach which limits states’ ability to address their unique priorities. **We urge Congress to explicitly provide the requested \$90 million as formula funding to states with no more than 5% of the appropriated amount for use by DOE in providing technical assistance and support.**

SEP *formula funds* enable 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, 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 \$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 expertise to the states and energy industry. SEP *formula funds* are 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 a constructive DOE-state relationship can achieve greater

impact. A greater reliance by DOE on the states and their local businesses and communities to ensure federal R&D meets real world conditions would maximize the impact of R&D.

Below are examples of states' utilization of SEP *formula* funds:

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 the state 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.

Louisiana—Government and industry partners set the stage for CCUS and hydrogen.

Louisiana uses SEP funds to lead two major components of the state's strategy to combat climate change and develop its economy: achieve primacy in CO₂ sequestration and coordinate the LA-AR-OK initiative to establish a hub for the production and use of clean hydrogen. The State Energy Office facilitated the announcement of two operating agreements for "blue" hydrogen/CCUS projects in 2021, positioning the state as a global leader in carbon management.

Alabama—Energy Efficiency for Local Governments. Alabama used a portion of their SEP funds to support energy efficiency upgrades at wastewater treatment plants and local facilities. In all, 29 grants to local governments, universities, and non-profits increased energy efficiency and reduce costs by deploying variable frequency drives, lighting, and efficient HVAC systems. 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—Grants for Electric Vehicle (EV) Charging Stations. Alaska leveraged SEP funds to award \$1 million in grants to support Level-2 and DC fast-charging EV charging station deployment. The nine communities awarded grants are in critical locations along the state's highway system and will provide matching funds to complete the process. The program will develop new industries, help promote the economy, and save Alaskans money.

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 program funds leveraged \$5.82 in external investment.

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.

Kentucky—Tool to Site Solar Projects at Reclaimed Mines. The Kentucky Energy and Environmental Cabinet used SEP to create a web-based tool that enables users to identify potential solar energy siting opportunities in Kentucky, including on previous mine locations. The tool was created in response to an increasing number of solar developers supporting corporate sustainability goals, and to support wholesale market clean energy procurement demand. The tool helps developers and landowners assess solar site suitability and makes it easy for developers to use GIS Site Suitability Analysis to site solar installations on reclaimed minefields. The website includes information about land reclamation.

Maine—Supports Clean Energy, Energy Efficiency, Climate, and COVID Coordination. The Maine Governor's Energy Office used SEP funds to develop and implement such nation-leading energy initiatives as a statewide energy assessment, the state's first energy storage market

assessment, clean transportation roadmap, and energy workforce study. The office's work is aimed at reducing energy volatility for Maine consumers, for instance by advancing the country's first floating offshore wind demonstration project and new programs aimed at installing 100,000 new high-efficiency air source heat pumps by 2025. In 2021, the Governor's Energy Office assisted in the implementation of the state's four-year climate action plan, *Maine Won't Wait*, outlining how Maine will achieve the statutory requirement to reduce greenhouse gas emissions of 45% by 2030 from 1990 levels and 80 percent by 2050, achieve carbon neutrality by 2045, and achieve 80% renewable energy by 2030, while strengthening the economy and doubling the number of clean energy jobs in Maine.

Mississippi—Industrial Energy Efficiency Program. The Mississippi State Energy Office used SEP funds to design the Mississippi Industrial Energy Efficiency Program to assist the state's manufacturers with making energy-efficient upgrades. Projects have resulted in improved working conditions for approximately 2,500 employees across a wide variety of manufacturers, ranging from catfish processing to HVAC component production. Those projects include lighting upgrades, compressed air system replacements and building envelope improvements that cover over 2.95 million square feet of manufacturing space.

Montana—Implementing Energy Projects in State-owned Veteran Retirement Homes

The Montana Energy Office leveraged SEP funds to upgrade lighting and ventilation systems at Veteran retirement homes in Glendive and Columbia Falls. The project surpassed the statutorily-required cost effectiveness target and increased resident comfort through dimmable, high-resolution lighting, which is less disruptive to sleep patterns; provides high contrast to lessen risk of slips and falls; and increases contrast for people with limited vision.

New Hampshire—School Energy Cost Savings. Since 2018, New Hampshire has used a portion of their SEP funds for the School Energy Efficiency Development Program, an annual competitive matching grant that allows schools in small communities to complete energy efficiency projects. This program's dual purpose to create a safer, healthier learning environment for students and staff, and reduce a local school's energy costs has been successful. For example, in 2020, \$80,000 was awarded to the New Boston Central School for LED lighting and controls, resulting in 110,812 kWhs of annual electricity savings and \$21,000 in annual cost savings.

New Mexico—Advancing Cutting-Edge Sustainable Buildings and EVs. The State Energy Office uses SEP funds to support implementation of the 2021 Sustainable Buildings Tax Credit Program. The program incentivizes New Mexico's commitment to cutting-edge sustainable building practices including the provision for the installation of energy-conserving products in existing commercial and residential buildings—helping to improve existing buildings and low income and affordable housing. This program advances adoption of EVs through a tax incentive for EV-ready buildings—existing, new, commercial, residential—to make EV charging available or provide the appropriate electrical upgrades for charger installation. The tax incentive also provides bonuses for a fully electric house, and/or for meeting net-zero carbon certification, zero energy certification, zero waste certification or zero water certification.

North Dakota—Deploy Solar Panels, Bolster Resiliency, Educate Students. SEP Funds supported installation of 115 solar panels and an inverter at the Bismarck Public Schools Career Academy. In addition to powering the building, instructors at the school plan to start incorporating the panels into their lessons.

Oregon—The Oregon Department of Energy utilized a portion of their SEP funds to create the [Oregon Guidebook for Local Energy Resilience: for Small and Medium Electric Utilities](#), a technical resource for the 38 consumer-owned electric utilities serving Oregon. The Guidebook

will help consumer-owned utilities improve local energy resilience through business continuity planning; identifying strategic efficiency and distributed renewables resilience opportunities; and understanding ways to leverage federal and state emergency management planning efforts. The office's resilience policy analyst engaged with consumer-owned utilities to share the recommendations and offer guidance to implement resilience-focused actions.

South Carolina—High School Energy, Chemistry, and Supply Chain Education. South Carolina uses a portion of its SEP funds to offer mini-grants for highly-visible demonstration projects that promote emerging energy technologies and innovation. The program targets South Carolina's state and local government agencies, public colleges, universities and school districts. Last year, seven projects were selected, including, for example, the Blythewood High School's Bengal Biodiesel grant to help expand the school's Chemistry 2 class where students are being taught lab procedures in making B100 biodiesel fuel out of waste streams and learning about supply chain logistics. The class will be expanded to 75 students and includes workforce issues and engaging with equipment manufacturers. The class's B100 will be used in school buses and other on-road equipment around the community after successful tests in the school's tractor. The project was profiled by [MotorWeek, the nation's longest running auto publication](#).

Tennessee—Leading the Charge on Transportation Electrification. The Tennessee Office of Energy Programs (OEP) used a portion of their SEP funds—in partnership with the Tennessee Valley Authority—to support EV fast-charging and add 40 priority charging locations in order to double the state's fast-charging network. OEP also leveraged SEP funds to partner with TN-DOT on the plan for IIJA-funded EV fast-charging. The Drive Electric Tennessee Roadmap aims to increase EV adoption to 200,000 EVs by 2028, up from 18,494 in 2022. This work has been foundational to the state's leadership in EV infrastructure and EV-related manufacturing.

Washington—Energy Emergency Response. The Washington State Energy Office utilized SEP funds to address critical energy emergency preparedness and response. In 2021, heavy rain led to flooding and landslides, damaging infrastructure in Washington and British Columbia resulting in a regional fuel emergency. The State Energy Office led efforts to ensure critical fuel deliveries and coordinated with British Columbia and the multi-state Western Petroleum Shortage Collaborative in response to crude oil refinery closures. The positive outcome was the result of planning and coordination at the state, federal, and international levels.

Wisconsin—Enhancing Energy Security for Local and Tribal Governments—The Wisconsin Office of Energy Innovation utilized a portion of their SEP funds to enhance energy security for local and tribal governments with its [Statewide Assistance for Energy Reliability and Resiliency \(SAFER2\)](#) initiative. The program improves the efficacy of Wisconsin's response to long-term energy outages by partnering with local governments and tribal emergency managers to gain a better understanding of the resiliency of critical energy infrastructure; provide templates for fuel shortage contingency plans; improve cyber-security awareness; and enhance the understanding of roles and responsibilities of both state and local partners during an energy emergency.

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