

**Statement of the Coalition of Northeastern Governors
to the Committee on Appropriations
Subcommittee on Energy and Water Development, and Related Agencies
United States Senate
Regarding FY2016 Appropriations
for the U.S. Department of Energy**

April 6, 2015

The Coalition of Northeastern Governors (CONEG) is pleased to share with the Subcommittee on Energy and Water Development, and Related Agencies this testimony on FY2016 appropriations for the Department of Energy (DOE). The governors recognize the fiscal challenges that continue to confront Congress this year. They also believe that a strong federal-state partnership and robust federal funding for critical energy efficiency and clean energy programs are crucial to improving the nation's energy security and independence while helping businesses and households across the nation reduce their energy costs. Specifically, the governors request no less than \$70 million for the State Energy Program as base program formula funding; \$230 million for the Weatherization Assistance Program; \$131 million for the Energy Information Administration; \$63 million in energy reliability and assurance grants for state, local and tribal governments; and \$14 million for critical energy emergency preparedness and response to super storms. They also request no less than current funding for the U. S Department of Energy's Office of Energy Efficiency and Renewable Energy, the Office of Electricity Delivery and Energy Reliability, the Office of Science, and ARPA-E; as well as sufficient funding for maintenance and operation of the Northeast Home Heating Oil Reserve.

Weatherization Assistance Program

The CONEG governors request \$230 million in FY2016 for the Weatherization Assistance Program (WAP) to help low-income families improve the efficiency of their homes and reduce their energy costs. Adequate funding for WAP is particularly important in the Northeast where winters are long and cold, and many low-income homes must heat with expensive delivered fuels. Since the program began in 1976, WAP has helped improve the lives of more than seven million low-income families by reducing their energy bills. According to DOE, on average, the value of the weatherization improvements is 2.2 times greater than the cost. In addition, every home that is weatherized saves an average of up to \$400 on their annual heating and cooling bills.

State Energy Program

The CONEG governors request no less than \$70 million as base program formula funding for the State Energy Program (SEP) in FY2016. SEP is a proven cost-shared program that brings the federal and state governments and private sector together in partnerships that help the nation increase its energy security and economic competitiveness. By providing the funds as base formula funding, these partnerships can continue to identify and deliver energy use reductions

and energy cost savings in residential, commercial, industrial, power generation, agricultural and transportation sectors across the nation. The base SEP program is particularly important to smaller states since it allows them to identify and leverage non-federal resources toward energy efficiency, conservation and renewable energy initiatives.

The SEP funds allow each state to carry out a wide variety of activities most appropriate for its unique energy profile, needs and goals – activities that provide meaningful economic benefits to business and consumers. SEP provides an indispensable source of funding for state energy offices to conduct important research, regional collaboration, outreach and policy work. In the Northeast, SEP funds have contributed to residential energy audits, installation of real-time energy meters in buildings, solar installations at water and wastewater treatment facilities, and residential retrofits – all resulting in reduced energy use, reduced emissions, and lower energy costs to households and businesses. SEP funds have also contributed to saving and creating jobs by leveraging investment in clean energy projects and helping energy-intensive industries become more competitive by reducing their energy costs.

DOE estimates that every dollar in federal SEP funding is typically leveraged by \$10.00 in state and private sector funds, and yields approximately \$7.00 in annual energy cost savings. An Oak Ridge National Laboratory report found that at recent appropriations levels, SEP produces \$333 million in sustained, annual energy cost savings for households, businesses, and state and local governments.

Energy Information Administration

The governors request \$131 million in FY2016 funding for the Energy Information Administration (EIA). As the independent statistical arm of the Department of Energy, EIA is the leading source for reliable impartial data, analyses and forecasts on U.S. energy production, demand, consumption, imports and prices. EIA's workload has greatly increased as national and global energy markets undergo dynamic change, and as emerging technologies change the landscape of energy production and delivery. These changes have made more vital than ever the comprehensive, timely, objective information and analyses that EIA provides to federal, state and local government and private sector policy-makers as they develop critical energy, economic, security and environmental strategies. For example, changes in natural gas markets and in environmental requirements for distillate fuels can affect the logistics chains that provide petroleum products to the Northeast, a region that is particularly vulnerable to supply disruptions and price volatility. EIA's close monitoring of market developments and the accurate and timely price and supply data in EIA's state heating oil and propane survey allows decision-makers to act quickly in the event of a supply disruption. EIA also collects, analyzes and distributes a wide range of information to help consumers make informed household decisions, understanding the interaction between energy, the economy and the environment.

Efficiency and Reliability

The CONEG governors strongly support the efficient use of energy in all sectors, and a reliable and diverse mix of affordable and environmentally sound energy options. As technology and innovation drive the transformation of domestic energy production and energy markets, an effective federal partner in energy is critical for the nation's consumers – individuals and

businesses – to count upon diverse sources of energy, an effective and reliable energy infrastructure network, and the efficient use of energy throughout the economy.

Maintaining no less than current funding for the programs of the Office of Energy Efficiency and Renewable Energy, the Office of Electricity Delivery and Energy Reliability, the Office of Science, and ARPA-E are sound investments that reinforce the foundation of the U.S. economy by strengthening the resiliency and efficiency of the nation’s energy infrastructure, and creating new products and new jobs.

- The Office of Energy Efficiency and Renewable Energy (EERE) works with a large network of researchers, manufacturers, national laboratories, and state and local governments to develop and deliver innovative technologies, products and solutions for sustainable transportation, renewable power and end-use energy efficiency. EERE invests in only the highest-impact activities to achieve its mission, while addressing national priorities such as saving money for U.S consumers, creating jobs, reinvigorating domestic manufacturing and reducing pollution.
- Robust funding for the Office of Electricity Delivery and Energy Reliability (OE) in FY2016 will support effective partnerships and collaboration – among the public and private sectors and across political jurisdictions and levels of government – that can reduce or mitigate potential risks to the nation’s energy infrastructure and networks, moderate the impacts of a disruptive event and speed an effective response and recovery. A secure, reliable, efficient and safe interdependent network of transmission grids, pipelines, petroleum terminals, barges, rail and trucking fleets is vital to the security and economic competitiveness of the nation’s people and its businesses.
- The governors specifically request \$63 million in energy reliability and assurance grants for state, local and tribal governments, and no less than \$14 million for the DOE Division of Infrastructure Security and Energy Restoration for critical energy emergency preparedness and response to devastating and powerful storms such as Hurricane Sandy. These funds allow state, local and tribal governments to be effective partners in addressing energy emergency planning, response and training as well as enhance resiliency of the energy infrastructure.

The northeast states, like many other regions across the country, have first-hand experience with the extensive, costly impacts that affect the safety, health and pocketbooks of households and businesses, and disrupt public services when a region’s wholesale and retail energy infrastructure is disrupted or destroyed on a massive scale by extreme weather and other hazards. State officials are “front-line players” – before, during and afterwards – when extreme weather and other risks threaten energy infrastructure. They provide information and coordination among energy providers, communities, first responders and recovery personnel, and state and federal agencies in their own and neighboring states. Direct federal funds to states will enable them to continue the informational and outreach networks, and participate in training exercises that are vital to effective and timely responses when critical energy infrastructure is threatened.

- The Office of Science conducts and sponsors basic research vital to strengthening the nation's leadership in science, and maintaining and enhancing U.S. competitiveness in the international field of scientific research. Basic research is a foundation to advancing the private sector's efficient production, delivery and use of energy throughout the nation's economy. For example, Energy Innovation Hubs are integrated research centers that facilitate the collaboration of top scientists from academia, industry, and government to accelerate the path of critical energy technologies from basic laboratory research to pre-deployment of new technologies.
- The Advanced Research Projects Agency – Energy (ARPA-E) helps nurture the innovation in energy technologies that is vital to achieving the goal of ensuring reliable, secure energy through the development and delivery of environmentally sound domestic energy and the creation of diverse, clean, sustainable and affordable energy portfolios. ARPA-E accelerates research and development on high-risk, high-reward energy technologies – investment that is critical to advancing the nation's energy future, but may not be a feasible investment for the private sector. This transformative R&D is done in partnership with industry and academia, focusing on innovative breakthrough technologies for the generation, storage, distribution, and use of energy. ARPA-E strives to maximize speed and efficiency, and its management principles and practices have been recognized by government and industry.

Northeast Home Heating Oil Reserve

The CONEG governors request sufficient FY2016 funding for maintenance and operation of the Northeast Home Heating Oil Reserve. The Northeast is uniquely dependent on home heating oil. Over 25 percent of northeast homes use fuel oil for heating. These homes account for over 80 percent of residential heating oil use nationwide, making the region particularly vulnerable to the effects of supply disruptions and price volatility. The states of the Northeast have been hard-hit in recent years by a series of major natural disasters such as hurricanes, snow and ice storms and flooding. The Reserve provides a valuable buffer that allows additional time for supplies to reach the region. After Hurricane Sandy devastated the energy infrastructure in the Northeast causing severe supply disruptions across the region, emergency releases from the Reserve provided crucially-needed fuel supplies to state, local and federal responders to ensure their continued response and recovery efforts.

The CONEG Governors recognize the difficult decisions that confront the Subcommittee, and urge your consideration of these requests for funding vital to the immediate and long-term energy security of the nation.