

March 16, 2006

The Honorable David L. Hobson  
Chairman  
Subcommittee on Energy and Water Development  
Committee on Appropriations  
U.S. House of Representatives  
2362 Rayburn House Office Building  
Washington, DC 20515-6020

Dear Mr. Chairman:

The Coalition of Northeastern Governors (CONEG) is pleased to provide this testimony to the House Subcommittee on Energy and Water Development regarding FY 2007 appropriations for Energy Conservation and Renewable Energy programs of the U.S. Department of Energy. The Governors recognize the difficult funding decisions which confront the Subcommittee this year and appreciate the Subcommittee's support for these programs.

At a time of record high energy prices and heightened attention to the security, reliability and efficiency of the nation's energy systems, these conservation and renewable energy programs have taken on an increased significance. Modest federal investment in these programs provides substantial energy, economic and environmental returns to the nation – leveraging additional state and private sector investment and contributing to sound energy management. To continue the contribution of these programs to cost-effective energy strategies, the CONEG Governors request that funding for the State Energy Program be increased to \$49.5 million, and that funding for the Weatherization Assistance Program be provided at a level of at least \$250 million in FY 2007. The Governors support the President's request that funding for the Northeast Home Heating Oil Reserve be provided at a level of \$4.95 million in FY 2007. The Governors also request that the Subcommittee provide \$7.5 million to continue the National Biomass Partnership (previously known as the Regional Biomass Energy Program).

Thank you for your consideration of this request.

Sincerely,

/o.s./  
Donald L. Carcieri  
Chairman  
Governor of Rhode Island

/o.s./  
Jim Douglas  
Lead Governor for Energy  
Governor of Vermont

Attachment

**Statement of the Coalition of Northeastern Governors  
to the Subcommittee on Energy and Water Development  
Committee on Appropriations  
United States House of Representatives  
Regarding FY 2007 Appropriations for  
the U.S. Department of Energy's  
State Energy Program, Weatherization Assistance Program,  
Northeast Home Heating Oil Reserve, and Regional Biomass Energy Program  
March 16, 2006**

The Coalition of Northeastern Governors (CONEG) is pleased to provide this testimony to the House Subcommittee on Energy and Water Development regarding FY 2007 appropriations for Energy Conservation and Renewable Energy programs of the U.S. Department of Energy. The Governors recognize the difficult funding decisions which confront the Subcommittee this year and appreciate the Subcommittee's support for these programs.

At a time of record high energy prices and heightened attention to the security, reliability and efficiency of the nation's energy systems, these conservation and renewable energy programs have taken on an increased significance. Modest federal investment in these programs provides substantial energy, economic and environmental returns to the nation – leveraging additional state and private sector investment and contributing to sound energy management. To continue the contribution of these programs to cost-effective energy strategies, the CONEG Governors request that funding for the State Energy Program be increased to \$49.5 million, and that funding for the Weatherization Assistance Program be provided at a level of at least \$250 million in FY 2007. The Governors support the President's request that funding for the Northeast Home Heating Oil Reserve be provided at a level of \$4.95 million in FY 2007. The Governors also request that the Subcommittee provide \$7.5 million to continue the National Biomass Partnership (previously known as the Regional Biomass Energy Program).

Administered by the 50 states, District of Columbia and territories, the Department of Energy's State Energy Program and Weatherization Assistance Program are a cost-effective way to achieve national energy goals. The National Biomass Partnership helps sustain public and private sector investment in biomass technologies and contributes to expanded biomass energy development. These programs provide valuable opportunities for the states, industry, national laboratories and the U.S. Department of Energy to collaborate in moving energy efficiency and renewable energy research, technologies, practices and information to the public and into the marketplace.

**State Energy Program:** The State Energy Program (SEP) is the major state-federal partnership program addressing energy efficiency and conservation in all sectors of the economy. Cost-shared by the states, the program allows state energy offices to increase the effectiveness of the federal funds by tailoring the energy activities to address particular local energy priorities and opportunities.

Increased SEP funding in FY 2007 will ensure that states can continue their work toward the national energy goal of a balanced, reliable and secure energy system. SEP provides the vital funds that allow state energy offices to move energy efficiency and renewable energy technology into the marketplace, assist both the private and public sectors in reducing energy use and costs, and conduct extensive public information activities. Increased SEP funding will also ensure that states can rely on their state energy offices to continue vital emergency preparedness activities.

The modest federal funds provided to the SEP are an efficient federal investment, as they are leveraged by non-federal public and private sources. According to a recent study of the SEP done by the Oak Ridge National Laboratory at the request of U.S. Department of Energy, every dollar in SEP funding results in \$7.22 in annual energy cost savings and also yields \$10.71 in “leveraged” funding from the state and private sectors. SEP projects have resulted in more than \$333 million in annual energy costs savings.

**Weatherization Assistance Program:** Through a network of partnerships with more than 970 local weatherization agencies across the country, the Weatherization Assistance Program (WAP) improves the energy efficiency of more than 100,000 low-income dwellings a year, thereby reducing the heating and cooling bills of the nation's most vulnerable citizens. According to the U.S. Department of Energy, low-income households spend more than 15 percent of their annual income on energy, compared to 3.5 percent for other households. The Weatherization Assistance Program strives to reduce this “energy burden” of low-income residents through such on-going energy saving measures as the installation of insulation and energy-efficient lighting, and heating and cooling system tune-ups. These measures can result in energy savings as high as 30 percent. According to the National Association for State Community Service Programs, based on current energy prices, the average family saves approximately \$400 per year after weatherization services are provided.

The WAP also provides numerous non-energy benefits. Oak Ridge National Laboratory has concluded that for every dollar of DOE investment, there are non-energy benefits worth \$1.88. For instance, the WAP generates more than 8,000 jobs nationwide, creating 52 new jobs for every \$1 million invested. In addition, the decreased energy use resulting from weatherization measures also provides environmental benefits through decreased carbon dioxide emissions.

**National Biomass Partnership:** Renewable energy plays an increasingly vital role in meeting the nation's goal of reduced reliance on imported fossil fuels. Some of the most promising renewable technologies use biomass to achieve that goal. The National Biomass Partnership (formerly known as the Regional Biomass Energy Program) is a primary link among state, private, and federal biomass activities. It is a vital complement to the research and technology work of the Department of Energy and its national laboratories, and can assist federal agencies in carrying out the biomass provisions in EPAct 2005 and the President's Advance Energy Initiative. The activities are tailored to the specific resources and opportunities in each region of the country, thus providing a critical link in the chain of research, resource production and technology commercialization. The Partnership has been successful in promoting the adoption of state policies that encourage development of biomass resources, increasing public awareness of

the benefits and uses of bioenergy; leveraging federal funding and state resources, and increasing the intensity of biomass use. In the Northeast, the Partnership has been instrumental in stimulating an estimated \$24 million in public and private investment in bioenergy development; offering technical assistance that contributed to new bioenergy and biopower development policies in six states; and providing educational assistance to increase public and private sector awareness of the potential of regional biomass development. As a result, the Northeast has seen an increase in development plans for new ethanol and biodiesel production facilities and biomass power capacity, as well as a growth in demand for ethanol.

The Partnership is a recognized source of objective and reliable information on biomass. It is also a valued resource for states in their efforts to expand the use of biodiesel in transportation and heating oil and in promoting appropriate use of biomass for expanded electric power and combined heat and power applications. These biomass applications are important to the Northeast's near term goals of increased renewable energy use and voluntary programs to reduce greenhouse gases.

**Northeast Home Heating Oil Reserve:** The nation's heightened emphasis on energy security places renewed importance on the Northeast Home Heating Oil Reserve. The Northeast, with its reliance upon imported fuels for both residential and commercial heating, is particularly vulnerable to the effects of supply disruptions and price volatility. The Reserve provides an important buffer to ensure that the states will have prompt access to immediate supplies in the event of a supply emergency.

In conclusion, we request that the Subcommittee provide funding in FY 2007 for the State Energy Program at the President's requested level of \$49.5 million; provide \$250 million for the Weatherization Assistance Program; provide \$7.5 million for the National Biomass Partnership; and provide funding at the President's requested level of \$4.95 million for the Northeast Home Heating Oil Reserve. These programs have demonstrated their effectiveness in contributing to the nation's goals of environmentally sound energy management and improved economic productivity and energy security.

We thank the Subcommittee for this opportunity to share the views of the Coalition of Northeastern Governors, and we stand ready to provide you with any additional information on the importance of these programs to the Northeast.