

May 15, 2006

The Honorable Jerry Lewis  
Chairman  
Committee on Appropriations  
United States House of Representatives  
H-218 The Capitol  
Washington, DC 20515

The Honorable David Obey  
Ranking Member  
Committee on Appropriations  
United States House of Representatives  
1016 Longworth House Office Building  
Washington, DC 20515

Dear Mr. Chairman and Ranking Member Obey:

On behalf of the Coalition of Northeastern Governors (CONEG), we wish to express our deep concern regarding FY 2007 appropriations for Energy Conservation and Renewable Energy programs of the U.S. Department of Energy, specifically the State Energy Program (SEP). At a time of high energy prices, elimination of SEP funding will remove an effective tool that has moved energy efficiency and renewable energy technologies from the research lab into the marketplace where they help thousands of small and large businesses manage their energy use and reduce their energy costs. The CONEG Governors request that funding for the State Energy Program be restored with an increase to \$49.5 million in FY 2007.

The State Energy Program is the major state-federal partnership program addressing energy efficiency and conservation in all sectors of the economy. Cost-shared by the states, the SEP 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. This network of experienced state energy officials is a key element in providing the educational outreach and technical assistance that has attracted private sector participation and investment in energy efficiency and conservation. This partnership program is one of the few federal energy programs that can help America's businesses take immediate steps to manage their energy costs. SEP funding is also needed to 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 the 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.

At a time of record high energy prices and heightened attention to the security, reliability and efficiency of the nation's energy systems, the SEP has taken on an increased significance. Modest federal investment in this program provides substantial energy, economic and environmental returns to the nation – leveraging additional state and private sector investment and contributing to sound energy management.

The Honorable Jerry Lewis and The Honorable David Obey  
Page two  
5/15/06

The Governors recognize the difficult funding decisions which confront the Committee this year and urge its support for the SEP 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

*An Identical letter was also sent to the Chairman and Ranking Member of the Subcommittee on Energy and Water Development.*