

March 16, 2007

The Honorable Peter J. Visclosky
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 2008 appropriations for the 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 continued support for energy efficiency, energy conservation, and renewable energy programs – all of which promote sound energy management and improve the nation's energy security.

The CONEG Governors request that funding for the State Energy Program be increased to \$74 million, and funding for the Weatherization Assistance Program be provided at a level of \$300 million in FY 2008. The Governors support the President's request to fund the Northeast Home Heating Oil Reserve at \$7 million and the Energy Information Administration at \$105 million in FY 2008. At this time of heightened interest in expanded use of indigenous renewable energy resources, we request that the Subcommittee require the Department of Energy to again provide modest funding of \$7.5 million to continue the critical networks and market development work of the National Biomass Partnership (previously known as the Regional Biomass Energy Program).

These very successful energy programs take on new significance as the nation strives to strengthen the security and reliability of domestic energy supplies and to reduce dependence on foreign sources of energy. Energy efficiency, conservation and renewable energy, which offer near-term opportunities and results, are important complements to longer-term federal investments in domestic production and emerging technologies. Federal resources for research and program implementation must also emphasize programs that can bring alternative energy and energy saving technologies quickly to the marketplace.

Thank you for your consideration of this request. Additional information on these important programs is provided in the enclosed CONEG testimony.

Sincerely,

/o.s./
Jon S. Corzine
Chair
Governor of New Jersey

/o.s./
Jim Douglas
Vice-chair
Governor of Vermont

Enclosure

**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 2008 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, 2007**

The Coalition of Northeastern Governors (CONEG) is pleased to provide this testimony to the House Subcommittee on Energy and Water Development regarding FY 2008 appropriations for the Energy Conservation and Renewable Energy programs of the U.S. Department of Energy (DOE). The Governors recognize the difficult funding decisions which confront the Subcommittee this year. We appreciate the Subcommittee's continued support for energy efficiency, energy conservation, and renewable energy programs – all of which promote sound energy management and improve the nation's energy security. Consistent with this thinking, the CONEG Governors request that funding for the State Energy Program be increased to \$74 million, and funding for the Weatherization Assistance Program be provided at a level of \$300 million in FY 2008. The Governors support the President's request to fund the Northeast Home Heating Oil Reserve at \$7 million and the Energy Information Administration at \$105 million in FY 2008. At this time of heightened interest in expanded use of indigenous renewable energy resources, we request that the Subcommittee require the Department of Energy to again provide modest funding of \$7.5 million to continue the critical networks and market development work of the National Biomass Partnership (previously known as the Regional Biomass Energy Program).

These very successful energy programs take on new significance as the nation strives to strengthen the security and reliability of domestic energy supplies and to reduce dependence on foreign sources of energy. Energy efficiency, conservation and renewable energy, which offer near-term opportunities and results, are important complements to longer-term federal investments in domestic production and emerging technologies. Federal resources for research and program implementation must also emphasize programs that can bring alternative energy and energy saving technologies quickly to the marketplace. The State Energy Program, the Weatherization Assistance Program, and the Regional Biomass Partnership provide established networks and federal-state-local government and private sector partnerships which can achieve timely energy savings and encourage renewable energy development. 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. These resources are undisputed clear winners when compared to conventional energy technologies.

State Energy Program (SEP): The State Energy Program (SEP) is the major state-federal partnership program addressing energy efficiency and conservation in all sectors of the economy. It assists states= work in support of the national goals of greater energy efficiency, reduced energy costs, and development of alternative and renewable energy resources. The State Energy Program also helps states improve the security of the energy infrastructure and prepare for natural disasters. SEP programs increase the awareness of the opportunities available in states to improve energy efficiency, reduce energy costs, create jobs, and diversify energy use. Their transformative effects in the market have been repeatedly demonstrated and proven.

Working with DOE, states tailor their renewable energy and energy efficiency programs in a way that makes the most sense for their market opportunities, thus maximizing the effectiveness of the programs resources. For example, the Northeast states have used SEP supported projects to provide technical assistance and financial incentives that have spurred building designers and owners to adopt energy-efficient design features in the commercial, institutional, multifamily, and industrial sectors. Our states have also used SEP resources in programs that monitor and enhance the reliability of the energy supply and delivery infrastructures, support the timely updating of energy emergency preparedness plans, and promote the use of alternative fuels in the transportation sector and other initiatives that will lead to a lowering of fuel consumption and cleaner air.

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 the most recent data from the Department of Energy, for every dollar of federal investment, \$3.58 is leveraged by state and local governments, and private companies and results in \$7.23 in reduced energy bills. In its evaluation of the program, Oak Ridge National Laboratory estimated that the program results in annual cost savings of \$256 million while providing environmental and public health benefits through reduced energy use and emission reductions.

Weatherization Assistance Program (WAP): Weatherization is taking on an increased importance as an immediate, effective tool to manage energy use, particularly at a time of high energy prices. Through a network of more than 900 local weatherization service providers, the Weatherization Assistance Program (WAP) improves the energy efficiency of more than 100,000 low-income dwellings a year, thereby reducing the home energy bills of the nation's most vulnerable citizens. Increased and consistent funding is key to the effectiveness of this program that invests in training weatherization personnel.

While an average household pays roughly of 2.7% of annual income on home energy, low income households pay more than four times that amount. Some elderly recipients who live on fixed incomes pay as much as 35% of their annual incomes for energy bills. WAP provides immediate and lasting benefits and reduces the energy burden of low-income families by improving energy efficiency and permanently reducing home energy bills.

Weatherization can reduce, on average, heating bills by 31% and overall energy bills by \$358 per year at current prices through energy efficiency measures that address a home's heating and cooling systems, its electrical system, and electricity consuming appliances. In terms of energy savings, weatherization clients save \$1.83 for every dollar of DOE investment, according to recent DOE information.

Weatherization services can also improve the safety of a home by identifying carbon monoxide hazards from old boilers, furnaces and water heaters, and fire hazards from outdated electrical equipment and wiring.

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, and the WAP contributes to more than 8,000 jobs nationwide. In addition, the decreased energy use resulting from weatherization measures also provides environmental benefits through decreased carbon dioxide emissions.

Renewable Energy and the National Biomass Partnership: Renewable energy plays a vital role in meeting the nation's goal of reduced reliance on imported fossil fuels, a more balanced, diverse energy resource mix, and reduction of greenhouse gases. Modest but timely support for research and commercialization opportunities for near-term bioenergy technologies is a vital component in meeting that goal. Using government funding to support private market development and technology commercialization for biofuels offers one of the most promising hopes for reducing the nation's energy vulnerabilities. States contribute significant resources to support the development of biomass fuels, technology, and infrastructure. However, state funds are not available for coordination of these activities across the nation.

The National Biomass Partnership (formerly known as the Regional Biomass Energy Program) brings together varied networks of state, private, and federal bioenergy activities, and is a critical link in the chain of research, resource production and technology commercialization. The Partnership has successfully contributed to the adoption of state policies supportive of bioenergy resource and technology development, public awareness of the benefits and uses of bioenergy, greater leveraging of federal funding and state resources, and increased intensity of biomass use. For example, according to a DOE-directed program review, the Northeast Regional Biomass Partnership (NRBP) directly influenced \$24 million in biomass investments – 69 percent of the overall biomass investment made in the region in 2003. It helped create biomass working groups in nine northeast states, which along with the NRBP personnel, provided bioenergy education and training to nearly 3,000 people in the region – and greater participation in state-developed bioenergy policies and programs.

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 Northeast region of the country is literally at the end of the

energy product pipeline. Any disruption along the delivery infrastructure anywhere in the country negatively affects the Northeast. 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.

Energy Information Administration (EIA): EIA provides timely, reliable and credible information and analysis on the energy produced, imported and consumed in the United States. At this time of volatile global energy markets and renewed focus on the safety and security of the nation's energy supply, the information provided by the Energy Information Administration (EIA) is a vital tool in keeping energy markets functioning efficiently. In addition, states rely on EIA data as the core of their information for energy emergency planning. Increased funding in FY 2008 will help ensure that EIA can continue to collect, analyze and make available this vital data.

In conclusion, the Coalition of Northeastern Governors request that you provide \$74 million for the State Energy Program, \$300 million for the Weatherization Assistance Program and \$7.5 million for the National Biomass Partnership in FY 2008. These programs promote sound energy management by encourage development of alternative energy resources and helping manage the nation's energy use. The Governors also request \$7 million for the Northeast Home Heating Oil Reserve and \$105 million for the Energy Information Administration in FY 2008. CONEG welcomes the opportunity to continue a dialogue on these important matters as Congress and the Administration consider budget and energy project and policy initiatives.