

**Statement of the Coalition of Northeastern Governors  
to the United States House of Representatives  
Committee on Appropriations  
Subcommittee on Energy and Water Development  
Regarding FY2009 Appropriations for  
The U.S. Department of Energy's  
Weatherization Assistance Program, State Energy Program,  
Energy Information Administration,  
Northeast Home Heating Oil Reserve, and Regional Biomass Energy Program  
March 19, 2008**

The Coalition of Northeastern Governors (CONEG) is pleased to provide this testimony to the House Committee on Appropriations Subcommittee on Energy and Water Development regarding FY2009 appropriations the U.S. Department of Energy (DOE). While the Governors recognize the daunting fiscal challenges facing the Subcommittee this year, we believe that the modest funding requested for these programs is a wise investment for the nation's energy, environmental and economic security. The CONEG Governors request that funding for the Weatherization Assistance Program be provided at a level of \$300 million; funding for the State Energy Program be increased to \$75 million; and funding for the Energy Information Administration be provided at \$120.6 million in FY2009. The Governors support the President's request to fund the Northeast Home Heating Oil Reserve at \$9.8 million. The Governors also urge the Committee to ensure that, through the U.S. Department of Energy, \$7.5 million is again provided 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 play a vital role in the nation's efforts to strengthen the security and reliability of domestic energy supplies and to reduce dependence on foreign sources of energy. Improved energy efficiency is a key component in a near-term strategy to achieve a better balance of supply and demand that, by moderating demand, can also help moderate volatile energy prices. Energy efficiency technologies and programs can also complement 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 Weatherization Assistance Program, the State Energy Program, and the National 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. The proven benefits of these complementary programs have taken on a renewed significance as the nation is faced with rapidly increasing energy costs.

**Weatherization Assistance Program (WAP):** Weatherization is taking on increased importance as an immediate and effective tool to manage energy use during this time of high energy prices. Through a network of more than 900 local weatherization service providers, the 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. The Governors are deeply concerned with the Administration's proposal to eliminate funding for this critical program in FY2009. In a brief span of time, the cost of home energy has increased significantly. The effects are particularly devastating for low-income residents who spend as much as 20 percent of their annual income on home energy bills compared to just three percent by other households.

Since its inception in 1976, the program has weatherized more than 5.6 million low-income residences across the country. On average, weatherization measures that address a home's heating and cooling systems, electrical system, and electricity consuming appliances reduce heating fuel use by almost 25 percent. At 2006 prices, this translates to a \$358 savings for a low-income household the first year after weatherization.

The WAP has a proven record of success in increasing the energy efficiency of low-income households, thereby lowering the utility bills, and increasing the health, safety, and comfort of these vulnerable citizens. The benefits of the program are numerous, wide-spread, and proven. According to the Department of Energy, for every \$1 invested in the Program, Weatherization returns \$2.69 in energy and non-energy related benefits. Oak Ridge National Laboratory estimates that the program reduces national energy demand by the equivalent of 18 million barrels of oil per year, and leads to significant reductions in emissions of carbon, methane and nitrous oxide. Non-energy benefits include increased property value, reduced incidence of fire and reduced arrearages. In addition, the program supports more than 6,000 direct jobs across the country.

**State Energy Program (SEP):** The SEP is the major state-federal partnership program addressing energy efficiency and conservation in all sectors of the economy. The program has an immediate effect on reducing demand while assisting states' efforts in support of the national goals of greater energy efficiency, reduced energy costs, and development of alternative and renewable energy resources. The SEP also helps states in their critical emergency preparedness activities, improving the security of the energy infrastructure, and preparing for natural disasters.

SEP's targeted programs increase the awareness of the opportunities available in states to improve energy efficiency, reduce energy costs, create jobs, and diversify energy use. Working with DOE, states tailor their renewable energy and energy efficiency programs to maximize the effectiveness of the program's resources. These programs contribute to more rapid deployment of new energy efficiency and renewable energy technologies, and the achievement of substantial energy, environmental, social and economic benefits. Their transformative effects in the market have been repeatedly demonstrated and proven.

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 help state and local public agencies reduce energy use in public housing, state government facilities and schools; 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.

The modest federal funds provided to the SEP are an efficient federal investment, as they are leveraged by significant non-federal public and private sources. According to the most recent data from the Department of Energy (2006), each dollar of SEP funding is leveraged by \$10.71 in state, local and private sources; and results in \$7.22 in energy cost savings. With the recent rapidly increasing cost of energy, these savings linked to SEP investments can become even more significant.

In its recent evaluation of the program, Oak Ridge National Laboratory found that the program has “a substantial positive impact on the nation’s energy situation.” The report estimated that the program results in annual cost savings of \$256 million while providing environmental and public health benefits through reduced energy use and emissions reductions. For example, the program results in an annual reduction of carbon emissions of 826 million metric tons – the same amount produced by 582,000 automobiles in a single year.

**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, rising energy prices and renewed focus on the safety and security of the nation’s energy supply, the information provided by the 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 FY2009 will help ensure that EIA can continue to collect, analyze and make available this vital data.

**Northeast Home Heating Oil Reserve:** The nation’s heightened emphasis on energy security places renewed importance on the Northeast Home Heating Oil Reserve. Roughly 69 percent of the 5.3 million households heating primarily with home heating oil are in the Northeast, making the region particularly vulnerable to the effects of supply disruptions and price volatility. The Northeast region 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.

**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 emissions. Modest but timely support for research and commercialization opportunities for near-term bioenergy technologies is a vital component in meeting that goal. A partnership of government funding to complement private market development and

technology commercialization for biofuels offers one of the most promising hopes for strengthening the nation's energy security by accelerating the development and deployment of renewable energy technologies and distribution infrastructure. States contribute significant resources to support the development of biomass fuels, technology, and infrastructure, but they need a strong federal partner in this National Biomass Partnership to help coordinate these activities across the nation.

The National Biomass Partnership is a collaboration of five regional biomass energy programs. Each of the five regional biomass programs has established an extensive network for cooperation and coordination of biomass energy activities that are designed for the specific bioenergy resources and market opportunities of each region. These networks link state, regional and national objectives and provide an effective and valuable conduit for information. This Partnership is a critical link in the chain of research, resource production and technology commercialization. The absence of a federal partner threatens continuation of this essential, successful work.

The Partnership has demonstrated its ability to efficiently leverage resources, coordinate policies and activities, and expedite deployment of the biomass fuels, technology, and infrastructure that is necessary to reach common goals of states and the federal government. 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, and increased intensity of biomass use. The benefits have been documented in a DOE-directed program review, which found that the Northeast Regional Biomass Program (NRBP) directly influenced \$24 million in biomass investments – 69 percent of the overall biomass investment made in the region in 2003. Working with state, federal and private sector officials, the NRBP has provided bioenergy education and training to nearly 3,000 people in the region and contributed to state-developed bioenergy policies and programs.

In conclusion, the Coalition of Northeastern Governors request that you provide \$300 million for the Weatherization Assistance Program, \$75 million for the State Energy Program, and \$7.5 million for the National Biomass Partnership in FY2009. These programs promote sound energy management by encouraging development of alternative energy resources and helping manage the nation's energy use. The Governors also request \$120.6 million for the Energy Information Administration in FY2009, and \$9.8 million for the Northeast Home Heating Oil Reserve. CONEG welcomes the opportunity to provide additional information on these essential programs as Congress continues the FY2009 appropriations process.

*Note: Identical testimony was also provided to the Senate Committee on Appropriations Subcommittee on Energy and Water Development*