

**Statement of the Coalition of Northeastern Governors
to the Committee on Appropriations
Subcommittee on Energy and Water Development
United States House of Representatives
Regarding FY2011 Appropriations
for the U.S. Department of Energy's
Weatherization Assistance Program, State Energy Program,
Building Technologies, Energy Information Administration,
Northeast Home Heating Oil Reserve, and the National Biomass Partnership
March 19, 2010**

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 FY2011 appropriations for the U.S. Department of Energy (DOE). The CONEG governors request funding for the following Energy Efficiency and Renewable Energy Programs: \$300 million for the Weatherization Assistance Program and \$30 million for the Innovation in Weatherization Program, at least \$75 million in the base appropriations for the State Energy Program, and \$230 million for the Building Technologies Program. In addition, the governors request at least \$129 million for the Energy Information Administration, and sufficient funding for maintenance and operation of the Northeast Home Heating Oil Reserve. The governors support the President's request for increased funding of solar energy, wind energy and electricity reliability programs; and also urge the Committee to ensure that, through the U.S. Department of Energy, \$7.5 million is provided to maintain the critical networks and market development work of the National Biomass Partnership (previously known as the Regional Biomass Energy Program).

The governors recognize the daunting fiscal challenges facing the Subcommittee this year, and thank you for your past support for these vital programs. Continued investment in these very successful energy programs is a crucial step toward achieving the nation's energy security, economic and environmental goals.

Weatherization Assistance and State Energy Programs

The nation's current economic situation has placed a new emphasis on the benefits of the Weatherization Assistance Program (WAP) and the State Energy Program (SEP). Working with all 50 States, the District of Columbia and U.S. Territories, these successful programs allow states to quickly and efficiently implement energy saving technologies and practices, creating green jobs and achieving real savings for families struggling with unaffordable home energy costs. The governors thank the Subcommittee for providing substantial funding for these crucial programs in the American Recovery and Reinvestment Act (ARRA). While there have been some challenges at the state and federal level in ramping-up these programs and meeting new ARRA program requirements, states and the federal government have worked together to find effective solutions. More than one-half of the SEP funds (over \$1.8 billion) are committed, and spending of WAP funds is accelerating rapidly and on target to reach the goal of weatherizing

600,000 homes by March 2012. Continued base funding is needed in FY2011 to help sustain valuable green jobs and to realize and effectively assess the continuing energy and environmental benefits of these programs.

Weatherization Assistance Program: The CONEG governors request \$300 million in FY2011 for the WAP, plus \$30 million for continuation of the Innovation in Weatherization program. Weatherization is an immediate and effective tool to manage the energy use of low-income households. The need continues to be great. Forty-nine percent of these households are occupied by the elderly or disabled; and these households can 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, WAP has weatherized more than 6.25 million low-income residences across the county. In addition to the stimulus funds, the program uses nearly \$1 billion in federal, state, local, utility, and private funds to reach more than 150,000 homes each year.

Through a state-managed network of more than 900 local weatherization providers, WAP increases residential energy efficiency. The program, which provides specialized training and career development, creates a workforce trained in the most advanced assessment and installation techniques. Weatherization service providers perform comprehensive computerized energy audits of each home, and provide a package of efficiency measures tailored to the individual needs of each household.

Many of these weatherization measures include inexpensive, yet effective upgrades such as installing insulation; sealing ducts; and tuning and repairing heating and cooling systems. In addition, the program uses a “whole house” approach, incorporating advanced technologies to address comprehensive energy usage in low-income homes, as well as related health and safety improvements. DOE estimates that the program returns \$1.67 in energy-related benefits for every \$1 invested.

This successful public-private partnership creates considerable investments in local economies across the country; provides continued professional development for workers; and contributes to increased home values, and the health and safety of the nation’s most vulnerable citizens. The program yields benefits that are far-reaching and long-lasting.

The goal of the complementary Innovation in Weatherization program is to demonstrate new ways to weatherize low-income homes while lowering the federal cost for residential energy retrofits. Through partnerships with organizations such as non-profits, labor unions, and private contractors, the program strives to obtain \$3 in non-federal contributions for every \$1 invested by DOE.

State Energy Program: The CONEG governors request at least \$75 million in the base appropriations for the SEP in FY2011. Ensuring this base funding level is critical for the SEP to continue as the nation-wide cornerstone of the state-federal-private partnership for many energy efficiency and conservation programs. Especially for the smaller states, the base SEP program allows them to dramatically expand program delivery and leverage non-federal resources with federal funds. SEP is vital to achieving energy efficiency and conservation in energy end-use sectors such as buildings, industrial, agriculture, transportation, and power generation. The

program, which has a proven track record of effectiveness, assists states' initiatives that help realize national goals of greater energy efficiency; reduced energy costs; development of alternative and renewable energy resources; and reduced reliance on imported sources of energy. The SEP also helps states in their critical emergency preparedness activities, improving the security and reliability of energy infrastructure, and preparing for natural disasters.

SEP funding provides states with the flexibility to tailor their renewable energy and energy efficiency programs to maximize the effectiveness of the program's resources. The northeast states have used SEP funds to support projects to update emergency plans to anticipate and respond to potential shortages of electric power, natural gas and deliverable fuels. SEP funds have also been used by state agencies to assist in reducing energy use in commercial and institutional buildings, fleets, and equipment; perform small business energy audits; and provide public information and education to local residents, small businesses, farmers, and others to make them aware of opportunities to reduce energy consumption and energy bills.

The modest (non-ARRA) federal funds provided to the SEP are an efficient and effective federal investment, yielding substantial and extensive energy and economic benefits. States can ensure that the energy improvements are delivered, since most SEP work is undertaken through leveraged agreements and reimbursable contracts. According to the most recent Oak Ridge National Laboratory study, \$1 in SEP funding yields: \$7.22 in annual energy cost savings; \$10.71 in leveraged funding; annual energy savings of 47,593,409 million source BTUs; and annual cost savings of more than \$333 million. The environmental benefits are equally as impressive resulting in an annual reduction of carbon emissions of 826 million metric tons – the same amount produced by 582,000 automobiles in a single year.

Building Technologies

The CONEG governors request \$230 million in FY2011 for the Building Technologies Program (BTP). The program has created unique and effective partnerships with states, industry, national laboratories, universities and manufacturers to improve the energy efficiency of new and existing buildings, and the equipment and systems within them.

According to the Department of Energy, buildings account for more than 70 percent of the electric energy consumed in the U.S. and are responsible for 38 percent of total U.S. carbon dioxide emissions. With roughly 15 million new buildings projected to be built by 2015, a tremendous opportunity exists for the development and deployment of energy efficient technologies and building practices. The potential environmental benefits and energy and cost savings are significant.

BTP develops and promotes deployment of technologies to make new and existing homes and buildings less energy intensive. One of the strategic goals of BTP is to create net zero energy buildings that, through a combination of on-site renewable energy and increased efficiency, can generate an equal or greater amount of energy than they consume from the grid. The program pursues this goal through complementary activities that include R&D; development and improvement of equipment standards and analysis; and introduction of new advanced technologies and the widespread use of highly efficient technologies already in the market.

BTP also collaborates with other DOE programs as well as partners of the highly successful ENERGY STAR program to increase awareness, availability and purchase of energy efficient appliances, lighting and windows. According to DOE, in 2006, ENERGY STAR saved 170 billion kilowatt hours – or almost 5 percent of the total 2006 electricity demand – and helped avoid greenhouse gas emissions equivalent to those from 25 million automobiles.

Energy Information Administration

The governors support FY2011 funding for the Energy Information Administration (EIA) at least at the level of \$129 million. EIA is the nation's foremost source of reliable independent information, analyses and forecasts on the energy produced, imported and consumed in the United States. As Congress and the Administration continue to develop and debate critical energy and environmental strategies, EIA is increasingly and consistently called upon to provide unbiased, timely and reliable information. In addition, states rely on EIA data as the core of their information for energy emergency planning. New requirements included in the Energy Independence and Security Act of 2007, as well as the evaluation of an increasingly more complex and interdependent energy industry has created a vastly increased workload for EIA and the need for more rigorous data collection and analysis.

A modest increase in funding in FY2011 will help ensure that EIA can continue to provide the most accurate and reliable information on the energy markets and industry.

Northeast Home Heating Oil Reserve

The CONEG governors request sufficient FY2011 funding for maintenance and operation of the Northeast Home Heating Oil Reserve. The nation's heightened emphasis on energy reliability and security places renewed importance on the Reserve.

Almost 70 percent of the 7.7 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 impacts the Northeast. The Reserve is strategically placed in ports along the northeast coast to respond rapidly and efficiently to any emergency supply interruption. The Reserve is designed to provide an emergency supplemental supply over a 10 day delivery period – the time required for ships to carry heating oil from the Gulf of Mexico to New York Harbor – in the event of a supply disruption or shortage in the Northeast. Adequate funding will ensure the Reserve is maintained in a high state of readiness and capable of completing an immediate drawdown if needed.

Renewable and Reliable Energy

Renewable, reliable energy contributes to the achievement of multiple regional and national goals, including lowering greenhouse gas emissions, increasing and diversifying domestic energy supply, creating new jobs, and enhancing the nation's energy security. A strong federal partner and consistent and sustained funding for solar energy, wind energy and electricity reliability

programs are essential. Therefore, the governors support the President's request for increased funding for these important programs.

The governors also request that the Committee ensure that, through the U.S. Department of Energy, \$7.5 million is provided to maintain the critical networks and market development work of the National Biomass Partnership (previously known as the Regional Biomass Energy Program). The Partnership, a collaboration of five regional biomass energy programs created by Congress, is a critical link in the chain of research, resource production and technology commercialization that is essential to bringing bioenergy technologies successfully into the marketplace.

The states contribute significant resources to support the development of biomass fuels, technology, and infrastructure. The Partnership has demonstrated its ability to expedite deployment of the biomass fuels, technology, and infrastructure that is necessary to reach common goals of states and the federal government. In the Northeast alone, 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. However, the absence of a strong federal partner threatens this state-private sector effort to better coordinate the institutional and physical infrastructure for deployment of sustainable biomass fuels and bioenergy technologies.

In conclusion, the Coalition of Northeastern Governors (CONEG) request that you provide \$300 million for the Weatherization Assistance Program and \$30 million for the Innovation in Weatherization Program, at least \$75 million in the base appropriations for the State Energy Program, \$230 million for the Building Technologies Program, at least \$129 million for the Energy Information Administration, and \$7.5 million for the work of the National Biomass Partnership. In addition, the governors support the President's request for increased funding of solar energy, wind energy and electricity reliability programs, and sufficient funding for maintenance and operation of the Northeast Home Heating Oil Reserve.

Identical testimony was also submitted for the record to the Senate Appropriations Subcommittee on Energy and Water Development.