



National Association of State Energy Officials

June 30, 2021

The Honorable Joe Manchin
Chairman
U.S. Senate Energy and Natural Resources Committee
SD-304 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Energy Infrastructure Act

Dear Chairman Manchin:

The National Association of State Energy Officials (NASEO) offers our support for the Energy Infrastructure Act that was considered during your hearing on June 24, 2021. NASEO represents the 56 governor-designated State, Territory and District of Columbia Energy Offices, and we are pleased that bipartisan U.S. Senate leaders found innovative solutions to many of the energy infrastructure challenges across our economy. With implementation by the State Energy Offices, in cooperation with local governments and the private sector, these new infrastructure investments will be the foundation for a prosperous, modern clean energy future for our nation and all communities. In particular, we offer our strong support for the following elements of the package (in order of section number), as well as a few suggested modifications to leverage and strengthen the outcomes of these provisions:

- 1. Demand Response (Section 1004) – We support this provision proposed by Senator Kelly. It would require expanded consideration of demand response to help achieve the nation’s energy goals and increase utility and consumer options. NASEO previously endorsed this legislation.
2. Deployment of Technologies to Enhance Grid Flexibility (Section 1008) – This provision is key to increasing the reliability and resilience of the grid while lowering costs and emissions. In particular, inclusion of data analytics, devices and software that allow buildings to engage in Smart Grid functions, and devices that redirect power during emergencies is very important.
3. State Energy Security Plans (Section 1009) – This provision is extremely important and would strengthen and modernize state energy security risk assessments, planning, and mitigation actions to address hazards impacting the energy system. This provision previously passed the Committee on a bipartisan basis as S. 2094 and has passed the U.S. House on multiple occasions as the Rush-Upton bill, including last week as H.R. 1374 on a vote of 398-21. We recommend adding \$50 million of supplemental funding to the U.S. Department of Energy’s (DOE) Office of Cybersecurity, Energy Security, and Emergency Response (CESER) for distribution to all states on a formula basis in accordance with the specific provisions called for in Section 1009.

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4. **U.S. State Energy Program (Section 1010) (SEP)** – This is an extraordinarily significant provision that would reauthorize the basic U.S. State Energy Program (SEP) and provide for additional direct appropriations of \$500 million (45 Senators signed a “Dear Colleague” letter led by Senator Reed and Senator Collins to the Senate Energy and Water Development Appropriations Subcommittee supporting increased appropriations for SEP and Weatherization). We provided Committee staff with suggested changes that would make this new activity mandatory and would streamline the delivery of funds by utilizing the existing SEP formula to ensure all states are able to accelerate transmission and distribution system planning and investment. We recommend the following key changes to this Section:
  - a. The base \$90 million should be clearly allocated in accordance with the formula;
  - b. The \$500 million becomes part of the formula, is allocated in accordance with the formula, and the 20% cost match is waived (the waiver was provided under the American Recovery and Reinvestment Act). We also support the Chairman’s inclusion of state transportation planning as part of SEP; and
  - c. The electricity transmission and distribution system planning becomes a mandatory feature/program of SEP (most of the programs are optional under 42 USC 6322(d)).

In addition, we note that Title VI of the FY’21 House Energy and Water Bill would have provided \$730 million for SEP, which would be a good start on achieving many additional legislative energy goals set forth in this bipartisan package. We urge the Committee to add \$3.8 billion to SEP in direct appropriations, either at the Committee level or floor action, or when the legislation gets to conference. This would provide the same level of funding as was provided under ARRA, adjusted for inflation.

5. **Enhancing Grid Security through Public-Private Partnerships and Energy Cyber Sense (Sections 1101 and 1102)** – As with the necessary changes provided in Section 1009, these sections will advance transmission grid security and cybersecurity. As the nation has realized, cybersecurity requires constant vigilance, training and cooperation. DOE’s CESER office and energy system expertise has been a real asset. The coordination between CESER, OE, the states, and energy industry is excellent. We strongly support DOE’s ESF #12 role and their leadership in working with the states and energy industry to prepare for, mitigate, and respond to energy emergencies from all hazards – physical and cyber – and applaud their work in dealing with the recent Colonial pipeline event. Enhanced cooperation among DOE, Federal Energy Regulatory Commission, U.S. Department of Homeland Security and U.S. Department of Transportation with both the State Energy Offices and State Utility Commissions is also necessary for our national security and this provision supports progress toward that goal.
6. **INSULATE program (Sections 5001-5003)** – NASEO has previously endorsed this legislation propounded by Chairman Manchin and former Committee Chair Murkowski, again on a bipartisan basis. This program would create capitalization grants for state loan programs for energy efficiency through direct appropriations and energy auditor training. The funding is critical and can be distributed quickly through the existing State Energy Offices’ SEP structure.
7. **Building Energy Codes for Efficiency and Resilience (Section 5101)** – As with many other important energy efficiency provisions, this section reflects the leadership of Senator Shaheen and Senator Portman. These Senators have worked assiduously on a bipartisan basis to advance energy efficiency. Direct funding to support voluntary state and local building energy codes, especially for training and technical assistance, is critical for consumers to save on energy costs, build more resilient homes, protect against disasters, and reduce stress on our energy infrastructure during peak demand periods (e.g., extreme heat and cold). We recommend adding an additional funding award

requirement of “coordination with State Energy Offices” to ensure leverage of resources and expertise.

8. **Schools Energy Efficiency (Section 5301)** – NASEO supports expanded energy efficiency programs for schools. While this funding would be directed to state and local school organizations, we hope to work with those entities to expand energy efficiency and renewable energy programs, as well as to advance “smart” technology. We have previously proposed (and continue to support) direct appropriations of \$25 million through the Energy and Water bill for State Energy Offices to assist state educational agencies in implementing these programs (e.g., utilization of public-private financing for energy efficiency), which became an obvious national priority in light of the COVID-19 pandemic.
9. **State Manufacturing Leadership (Section 5214)** – This provision would advance U.S. manufacturing jobs and would encourage state programs. Hopefully, when this legislation moves to conference with the U.S. House, the proposal for a national “Flex-Tech” program sponsored by Representative Tonko, could be included in a final bill. That proposal would encourage energy and process audits of manufacturing facilities and would support funding for those facilities to implement cost-effective measures in order to enhance the competitive position of domestic manufacturing relative to foreign-sourced products.
10. **Weatherization Assistance Program (Section 5401)(WAP)** – NASEO has long supported WAP and worked with the bill sponsors for the past 12 years on the WAP reauthorization that was finally included in the Energy Act of 2020. In addition to important changes to the basic program, the reauthorization establishes an innovation fund that should be fully funded. The \$3.5 billion in appropriations is a good start toward the Administration’s goal of 2 million low-income homes weatherized (\$12.3 billion would be needed to achieve this goal through WAP).
11. **Energy Efficiency and Conservation Block Grant (Section 5402) (EECBG)** – The \$550 million for EECBG is an important step in advancing community energy programs. As part of the underlying statute, 28 percent of the funds are flowed through State Energy Offices to smaller local communities to ensure they are better able to optimize the use of these resources. NASEO is working with a number of stakeholders to develop local programs, such as the Massachusetts “Green Communities Program,” that could serve as models. We urge the final legislation to adopt language included in the U.S. House version of this bill to encourage the use of public-private financing programs. This language has been provided to Committee Staff [Section 322 of the CLEAN Future Act, pages 263-264].
12. **Energy Jobs Council (Section 5403)** – The creation of this Council is an excellent idea. We also applaud the addition of a State Energy Office representative(s) through the State Energy Advisory Board. NASEO worked with Energy Futures Initiative to support the US Energy Employment Report (USEER), and we are encouraged that DOE is reviving their involvement in this activity. The Council will be a key effort in the broad expansion and understanding of energy sector employment and workforce development.
13. **Carbon Capture Utilization and Sequestration (CCUS)-Hydrogen (Title III, Subtitle A and B, and Section 10004)** – NASEO also supports CCUS and hydrogen programs. A number of State Energy Offices (e.g., Louisiana, Wyoming, California, Iowa) are engaged in CCUS activities and a large group of western State Energy Offices are advancing hydrogen policies and programs to support hydrogen use in electric grid, transportation, and manufacturing applications.

In addition to our support and suggestions for the above provisions, we would like to highlight several elements of the Clean Future Act for consideration during the legislative process. NASEO would support adding the following provisions from the Clean Future Act to any infrastructure bill: Section 325 Appliance Rebate Program, with the addition of building insulation as an eligible product; Section 331 Hope for HOMES; Sections 371-372 Open Back Better (Rep. Lisa Blunt Rochester; Senator Tina Smith) energy resilience for mission critical facilities; and Section 436 State Energy Plans including transportation (Note our support under item “4-b” above regarding the Chairman’s inclusion of transportation planning as a part of SEP).

Finally, we would like to elevate the importance of both the community charging and electric grid components of electric vehicle (EV) infrastructure planning. State Energy Offices are leading most state EV infrastructure planning and implementation activities in partnership with electric utilities, local governments, state environmental and transportation offices, and automakers. Collaborative State Energy Office-led work through the eight-state governors’ REWest model and Southeast states collaborative EV infrastructure initiative are two great examples. State Energy Offices are leading the states’ engagement with electric utilities (regulated and consumer owned) to facilitate more rapid and cost effective DC fast charging installations along corridors and at strategic community locations. We encourage State Energy Office inclusion and support for these activities in any infrastructure package as noted in our comments on Section 1010 above. We look forward to working with you to advance the Energy Infrastructure Act and other provisions that help to expand energy-related economic opportunities for every state and modernize our energy infrastructure to lower long-term energy costs, improve energy system resilience, strengthen American’s economic competitiveness, and address climate concerns.

Best regards,

A handwritten signature in blue ink, appearing to read 'DTerry', is enclosed in a thin black rectangular border.

David Terry, NASEO

CC: Senator John Barrasso