



The Under Secretary for Infrastructure

Washington, DC 20585

November 22, 2022

Mr. David Terry
Executive Director
NASEO
1300 North 17th Street, Suite 1275
Arlington, Virginia 22209

Dear Mr. Terry:

Thank you for your August 24 letter and the input and recommendations provided for the State Energy Program and other the Department of Energy (DOE) managed efforts.

DOE appreciates the unique role of the State Energy Offices (SEO) in delivering on our shared goals to advance the historic investment that President Biden and Congress are making in the country's energy infrastructure through the Infrastructure, Investment and Jobs Act (IIJA). The DOE-state partnership is critical to maximizing the benefits and ensuring the integrity of these investments for the American taxpayer. I am pleased to respond that on August 26, 2022, DOE released the state allocations for *Section 40109 State Energy Program* of the IIJA, along with guidance and application materials.¹

DOE made the allocations based on the 2021 formula per the IIJA language, and in a lump sum, as NASEO recommended. A critical responsibility for DOE in providing the IIJA financial assistance to states is ensuring the funds achieve maximum impact for the taxpayer dollar while also safeguarding that the funds are used appropriately through a combination of technical assistance as well as program direction, management, and oversight. DOE is allocating a portion of the IIJA funds provided to carry out Section 40109 for these cross-jurisdictional purposes.

DOE will use program direction, management, and oversight funds to serve three key purposes in alignment with IIJA provisions and requirements to: (1) provide DOE with staffing resources to manage this substantial new investment effectively; (2) ensure that the funds are spent in accordance with Federal regulations and respond to Inspector General (IG), Congressional, and General Accounting Office (GAO) inquiries; and (3) assist the states in their compliance with several requirements outlined in the IIJA, including Davis-Bacon, Build America Buy America, National Environmental Policy Act (NEPA), and other relevant provisions.

DOE also intends to use a portion of the IIJA Section 40109 funds to provide technical assistance to the states. DOE accomplishes its mission to bring the benefits of highly efficient and clean energy technologies and products to the American people through the financial and technical assistance it engages in with public sector partners. For more than

¹ Materials are available at the [State Energy Program Guidance | Department of Energy](#).

a decade, DOE has designed and implemented high-impact technical assistance initiatives in collaboration with states, local governments, and communities that deliver significant value to the public sector partners that voluntarily participate, other stakeholders, and ultimately to the American public. These initiatives also create tools and resources that benefit all states and communities across the country. DOE has engaged in technical assistance initiatives with 239 unique public sector partners, including 38 states, 173 local governments, and 28 K-12 school districts.

DOE plans to build on these successes by providing technical assistance to states in three areas over the next five years: (1) cohort-based technical assistance in Transformation Collaboratives, (2) state/regional technical assistance, and (3) stakeholder engagement.

Using a portion of the DOE TA funding, SEP will provide states the opportunity to participate in five Transformation Collaboratives that will provide topical tools and resources. States are requested to dedicate a portion of their SEP IIJA formula funds to support their participation. Through the Transformation Collaboratives states will receive analytical support, equity, and energy planning resources and tools across topic areas. SEP will also provide state and/or regional technical analysis over a 5+ year period, which could include lab support for analytical modeling and deep-dive expertise, as well as place-based technical assistance. DOE intends to work with stakeholders and subject matter experts, including organizations like NASEO, to lead and facilitate engagements on specific technical assistance areas, such as electric transmission and distribution planning, community energy planning, grid modernization, manufacturing, and other topics specifically identified by states as they implement their IIJA programs and focus on state needs and initiatives not already covered by other DOE programs.

With regard to NASEO's specific request for an expedited determination on the *Section 70914 Application of Buy America Preference* of the IIJA, we will need more information from the states on their plans for the SEP funding to determine the best path(s) forward. We recognize that states use SEP funds for energy planning, technology demonstrations, and energy incentives and assistance for businesses and consumers, but we also recognize that states may want to use this one-time infusion of funds for other purposes. We are committed to working with the states so that Buy America waivers are expeditiously processed wherever appropriate as well as to streamline these processes wherever possible.

DOE is also focusing on the recently enacted Inflation Reduction Act (IRA) and the historic investment and opportunities it provides for continued cooperation and coordination between DOE and the states on topics including electric transmission line siting, building energy codes, solar, storage, and others. DOE is currently in the process of standing up the program authorized by Section 50152 of IRA to provide grants to facilitate the siting of interstate electric transmission lines. We intend to take your recommendation to include State Energy Offices as entities eligible to receive grants under consideration. We also appreciate your invitation to designate two representatives

to the State Residential Efficiency and Beneficial Electrification Task Force. DOE looks forward to input from this task force to help develop the *Section 50121 Home Energy Performance, Whole-House Rebates*, and the *Section 50122 High Efficiency Electric Homes Rebate Program*.

We are also very pleased to hear states have had productive collaboration with our Office of Cybersecurity, Energy Security, and Emergency Response (CESER). We will take under consideration your recommendation to expand its support for states' "*all hazards*" energy security, risk analysis, and resilience activities across all energy sectors and mission critical end-use categories. We also understand the value of states' direct engagement with the DOE technology offices and continuing those collaborations.

DOE is committed to continuing our partnership with the states to deliver results to the American people. We look forward to continuing to work with you as the IIJA and IRA programs are rolled out, and in particular as we develop the new home energy efficiency and electrification rebate programs in the IRA, with extensive stakeholder engagement. Thank you again for sharing your perspective and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen Hogan". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Kathleen Hogan
Acting Under Secretary for Infrastructure