

## **ENVIRONMENTAL AND ENERGY STUDY INSTITUTE BRIEFING**

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### **FY'09 ENERGY BUDGET**

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I REPRESENT THE NATIONAL ASSOCIATION OF STATE ENERGY OFFICIALS (NASEO). NASEO MEMBERS OPERATE ENERGY EFFICIENCY AND RENEWABLE ENERGY PROGRAMS THAT ADDRESS EVERY SECTOR OF THE ECONOMY. THEY ALSO ARE THE ENERGY ADVISORS TO THE GOVERNORS. I ALSO REPRESENT THE NATIONAL ENERGY ASSISTANCE DIRECTORS' ASSOCIATION (NEADA). NEADA MEMBERS OPERATE THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP), WHICH HELPS THE POOR, ELDERLY AND DISABLED STAY IN THEIR HOMES BY HELPING TO PAY UTILITY BILLS AND PAY FOR HEATING OIL.

TODAY, I AM HERE TO DISCUSS THREE CRITICAL PROGRAMS THAT THE STATES OPERATE, THE STATE ENERGY PROGRAM (SEP), THE LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM (WEATHERIZATION) AND THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LIHEAP). SEP AND WEATHERIZATION ARE WITHIN THE DEPARTMENT OF ENERGY BUDGET AND LIHEAP IS WITHIN THE BUDGET OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.

DEBORAH, SCOTT AND BILL HAVE VERY ABLY DISCUSSED A NUMBER OF THESE CRITICAL ISSUES. THE OVERALL POINT IS THAT THE PROPOSED BUDGET REQUEST CALLING FOR A 27% REDUCTION BELOW FY'08 APPROPRIATIONS FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY PROGRAMS IS WRONG AND HEADING IN THE WRONG DIRECTION. THE 22% REDUCTION IN FUNDING FOR THE LIHEAP PROGRAM AT THE DEPARTMENT OF HEALTH AND HUMAN SERVICES IS ALSO A HUGE MISTAKE.

FUNDING FOR THESE CRITICAL ENERGY PROGRAMS NEEDS TO INCREASE DRAMATICALLY, NOT GO IN THE OTHER DIRECTION. WE HAVE SEEN ENERGY PRICES SKYROCKET IN THE PAST 6 YEARS. WE ARE BREATHING A SIGH OF RELIEF WHEN OIL DROPS BELOW \$90/BARREL, BUT IT WAS NOT THAT LONG AGO THAT OIL WAS TRADING AT \$30/BARREL. IN ADDITION, TO THESE DRAMATIC PRICE INCREASES, WE HAVE SEEN EXTREME VOLATILITY IN ENERGY PRICES. LOW-INCOME AMERICANS SPEND MANY TIMES THE AMOUNT THAT MEDIAN INCOME AMERICANS SPEND ON ENERGY. WHEN 15% OF YOUR INCOME, OR MORE, IS GOING TO PAY ENERGY COSTS, OTHER THINGS SUFFER – HEATING OR EATING IS A TERRIBLE CHOICE TO MAKE; MEDICAL CARE OR NOT.

WHAT EVERYONE ON THIS PANEL RECOGNIZES IS THAT YOU NEED TO ADDRESS ENERGY IN A COMPREHENSIVE MANNER. YOU NEED ROBUST RESEARCH AND DEVELOPMENT AND THEN YOU NEED TO DEPLOY THESE NEW AND EXISTING TECHNOLOGIES. IF NEW ENERGY DEVELOPMENTS SIT ON A SHELF IN A LABORATORY IT DOES NO GOOD TO ANYONE. PROGRESS WAS MADE WITH THE 2005 ENERGY LEGISLATION AND LAST YEAR'S ENERGY LEGISLATION. A MYRIAD OF NEW PROGRAMS WERE AUTHORIZED, AND EXISTING PROGRAMS WERE REAUTHORIZED. ADVANCES WERE MADE WITH NEW CAFÉ STANDARDS AND NEW APPLIANCE STANDARDS. LIGHTING SHOULD FUNDAMENTALLY CHANGE.

NASEO ALSO STRONGLY SUPPORTS THE EXTENSION OF THE PRODUCTION TAX CREDIT AND INVESTMENT TAX CREDITS FOR RENEWABLE ENERGY TECHNOLOGIES AND THE VARIOUS TAX CREDITS AND DEDUCTIONS FOR NEW AND EXISTING ENERGY EFFICIENT HOMES AND THE COMMERCIAL BUILDING DEDUCTION. EXTENSION OF THESE CREDITS ARE VERY IMPORTANT TO ALLOW THESE INDUSTRIES TO MOVE FORWARD AND TO ALLOW THE AMERICAN PEOPLE TO ACT TO PROMOTE ENERGY EFFICIENCY.

WE ARE FACED WITH A HOST OF IMPORTANT ENERGY CHALLENGES AS A NATION. CLIMATE CHANGE RESPONSES ARE OCCURRING AT THE STATE AND REGIONAL LEVEL. ENERGY IS A CRITICAL PIECE OF ECONOMIC PRESERVATION AND ECONOMIC DEVELOPMENT. JOBS IN THE ALTERNATIVE ENERGY INDUSTRY ARE BEING CREATED QUICKLY AND THIS IS PROVIDING NEW OPPORTUNITIES THROUGHOUT THE UNITED STATES. THE CHALLENGE OF ENERGY SECURITY IS REAL. RESOURCE NATIONALISM IS A DAILY CONCERN WITH RUSSIA'S NEW EFFORTS TO EXPAND ENERGY DOMINATION OVER EUROPE, COUNTRIES THROUGHOUT THE WORLD RESTRICTING SUPPLIES FOR POLITICAL REASONS, AND THE DRAMATIC EXPANSION OF ENERGY USAGE IN CHINA AND INDIA LEADING TO BOTH COMPETITION AND ENVIRONMENTAL DEGRADATION, WE ARE AT A CRITICAL CROSSROADS AT THIS TIME. CONGRESS MUST FORCEFULLY INCREASE FUNDING FOR ENERGY PROGRAMS TO PROTECT THE AMERICAN PEOPLE, PRESERVE AND EXPAND THE ECONOMY AND PROVIDE NATIONAL SECURITY.

LET ME GET INTO SPECIFICS.

### **STATE ENERGY PROGRAM**

THE STATE ENERGY PROGRAM (SEP) IS AUTHORIZED AT A LEVEL OF \$125 MILLION THROUGH 2012. WE ARE SEEKING THIS FUNDING LEVEL. THE ADMINISTRATION PROPOSED \$25 MILLION FOR BASE APPROPRIATIONS AND ANOTHER \$25 MILLION FOR A COMPETITIVE PROGRAM AMONG THE STATES. SEP HELPS EVERY SECTOR OF THE ECONOMY, FROM THE FARM HOUSE TO THE SCHOOL HOUSE. IT HELPS SMALL BUSINESS BECOME MORE ENERGY EFFICIENT. IT PROMOTES

ENERGY STAR PROGRAMS AND PRODUCTS. STATE ENERGY OFFICES OPERATE THIS PROGRAM. A STUDY CONDUCTED BY OAK RIDGE NATIONAL LABORATORIES A FEW YEARS AGO (WHEN ENERGY PRICES WERE ½ OF TODAY'S PRICES), FOUND THAT FOR EVERY FEDERAL DOLLAR INVESTED IN SEP, OVER \$7 WAS SAVED IN ENERGY. WITH ENERGY PRICES SO MUCH HIGHER THE SAVINGS ARE PROBABLY DOUBLE. ALSO, THAT SAME STUDY CONCLUDED THAT FOR EVERY FEDERAL DOLLAR INVESTED, APPROXIMATELY \$11 WAS LEVERAGED IN OTHER NON-FEDERAL STATE AND PRIVATE FUNDS.

IN FY'08 THIS PROGRAM RECEIVED ONLY \$34 MILLION IN BASE APPROPRIATIONS, WITH \$10 MILLION IN A COMPETITIVE PROGRAM. IN FY'07, IT RECEIVED \$49.5 MILLION. THE \$125 MILLION WOULD COME CLOSER TO GETTING THE PROGRAM TO THE INFLATION ADJUSTED LEVEL. THE ENERGY OFFICES ARE WORKING HARD TO IMPLEMENT THE GOVERNORS' NEW INITIATIVES TO REDUCE ENERGY USAGE AND RESPOND TO CLIMATE CHANGE. WE NEED A MATCHING EFFORT AT THE FEDERAL LEVEL.

WE ALSO WANT TO STRESS THE NEED TO INCREASE FUNDING FOR ENERGY EFFICIENT BUILDING CODES, TRAINING AND ASSISTANCE AND THE NEW COMMERCIAL BUILDINGS INITIATIVE. EVERY DAY WE WASTE IS ENERGY WE CAN'T GET BACK.

NASEO ALSO STRONGLY SUPPORTS INCREASED FUNDING FOR INDUSTRIAL ENERGY EFFICIENCY PROGRAMS. STATES ARE WORKING VERY CLOSELY WITH BUSINESSES IN OUR STATES TO MAKE THEM MORE COMPETITIVE. AN EXPANDED FUNDING BASE FOR INDUSTRIAL ENERGY EFFICIENCY IS CRITICAL TO THIS EFFORT.

I ALSO BROUGHT A ONE-PAGER DESCRIBING THE STATE ENERGY PROGRAM IN GREATER DETAIL AND A PUBLICATION OF STATE-BY-STATE EXAMPLES. IF YOU WANT COPIES OF THESE PUBLICATIONS ELECTRONICALLY, JUST LEAVE YOUR CARD AND WE WILL GET THEM TO YOU.

A "DEAR COLLEAGUE" LETTER IS CIRCULATING RIGHT NOW IN THE HOUSE, AND A SIMILAR LETTER WILL BE CIRCULATING IN THE SENATE, IN SUPPORT OF A HIGHER BUDGET FOR FUNCTION 270, COVERING ENERGY EFFICIENCY AND RENEWABLE ENERGY PROGRAMS. THIS BI-PARTISAN LETTER IN THE HOUSE IS BEING LED BY REPRESENTATIVES' OBERSTAR, LATOURETTE (CO-CHAIRS OF THE NORTHEAST-MIDWEST CONGRESSIONAL COALITION) AND REPRESENTATIVE MARKEY, CHAIR OF THE SELECT COMMITTEE ON ENERGY INDEPENDENCE AND GLOBAL WARMING. A COPY IS AVAILABLE HERE AND THE CONTACT IS MARY CRONIN OF THE NORTHEAST-MIDWEST CONGRESSIONAL COALITION ([MARY.CRONIN@MAIL.HOUSE.GOV](mailto:MARY.CRONIN@MAIL.HOUSE.GOV))(226-6795). PLEASE SIGN-ON. SUBSEQUENT LETTERS IN SUPPORT OF APPROPRIATIONS WILL BE CIRCULATED IN THE HOUSE AND SENATE AS WELL. CHRIS HICKLING OF

THE NORTHEAST-MIDWEST SENATE COALITION IS THE CONTACT ON THE SENATE SIDE ([CHRIS\\_HICKLING@REED.SENATE.GOV](mailto:CHRIS_HICKLING@REED.SENATE.GOV))(224-0606) FOR BOTH THE BUDGET AND APPROPRIATIONS LETTERS.

## **WEATHERIZATION**

THE ADMINISTRATION HAS PROPOSED ELIMINATION OF THE LOW-INCOME WEATHERIZATION ASSISTANCE PROGRAM. THIS IS COMPLETELY INEXPLICABLE. THIS PROGRAM RECEIVED \$227.4 MILLION IN FY'08 AND WEATHERIZES OVER 100,000 HOMES EACH YEAR. THIS PROGRAM WAS ALSO REAUTHORIZED IN THE RECENT ENERGY BILL THROUGH 2012 AT A LEVEL RISING TO \$1.4 BILLION IN 2012. WEATHERIZATION OPERATES IN ALL THE STATES AND IS ADMINISTERED BY STATE GOVERNMENTS WITH A LOCAL NETWORK OF 900 AGENCIES SERVING IN EVERY POLITICAL SUBDIVISION OF THE COUNTRY. NUMEROUS STUDIES HAVE BEEN CONDUCTED THAT SHOW THE AVERAGE HOUSE THAT IS WEATHERIZED REDUCES ENERGY COSTS BY 16-25%. THIS IS OBVIOUSLY VERY IMPORTANT. IT ALLOWS PEOPLE TO STAY IN THEIR HOMES.

LAST WEEK, AT THE TIME THE BUDGET WAS RELEASED THE ADMINISTRATION HAD AN ITEM ON THE DOE WEB SITE DISCUSSING HOW WEATHERIZATION WAS POSSIBLY THE MOST EFFECTIVE ENERGY EFFICIENCY PROGRAM AVAILABLE. A COUPLE OF DAYS LATER THIS INFORMATION WAS REMOVED FROM THE WEB SITE. IT IS AMAZING HOW QUICKLY THE PROGRAM BECAME INEFFECTIVE --- IT IS HIGHLY SUCCESSFUL. THIS PROGRAM, LIKE SEP, COULD BE DRAMATICALLY EXPANDED AND HELP MANY MORE HOMEOWNERS. AS WE FACE EVER HIGHER ENERGY BILLS, WHY WOULD WE BE SO SHORTSIGHTED TO CUT A PROGRAM THAT HELPS THE MOST VULNERABLE AMERICANS.

WE WANT TO GET AS CLOSE AS POSSIBLE TO THE AUTHORIZED LEVEL, WHICH IS \$750 MILLION IN FY'08.

ALLISON SPECTOR IS HERE FROM THE NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICE PROGRAMS (NASCSP). NASCSP MEMBERS OPERATE THE WEATHERIZATION PROGRAM THROUGHOUT THE COUNTRY. WE ALSO HAVE WRITTEN MATERIALS DESCRIBING WEATHERIZATION AVAILABLE TO YOU.

## **LOW-INCOME HOME ENERGY ASSISTANCE**

AS ENERGY PRICES ROSE THROUGHOUT THE COUNTRY THIS YEAR WE WERE HOPEFUL THAT THE STIMULUS PACKAGE WOULD INCLUDE \$1 BILLION IN ADDITIONAL FUNDS FOR LIHEAP. LIHEAP RECEIVED ALMOST \$2.6 BILLION IN FUNDING IN FY'08, INCLUDING \$1.98 BILLION IN BASE APPROPRIATIONS AND SUPPLEMENTAL/CONTINGENCY FUNDS MAKING UP THE REST. THE PROGRAM WAS MOST RECENTLY AUTHORIZED AT \$5.1 BILLION. THE BUDGET WOULD CUT THIS PROGRAM BY 22% TO \$1.98 BILLION.

IN ADDITION TO SUPPORTING FUNDING AS CLOSE AS POSSIBLE TO THE \$5.1 BILLION AUTHORIZED LEVEL, WE ARE STILL PUSHING FOR ADDITIONAL FUNDING OF \$1 BILLION ON THE FIRST AVAILABLE LEGISLATIVE VEHICLE.

THE MATERIALS MADE AVAILABLE TO YOU TODAY SHOW THE STATE-BY-STATE BREAKDOWN OF LIHEAP FUNDING AND THE IMPACT THOSE CUTS WOULD HAVE IN DOLLARS. SOME BASIC STATISTICS ARE EYE-OPENING: BETWEEN 2004 AND 2008 ENERGY COSTS INCREASED THE FOLLOWING PERCENTAGES FOR KEY SOURCES: 1) HEATING OIL – 123.6%; 2) NATURAL GAS – 34.1%; 3) PROPANE – 75.8%; AND 4) ELECTRICITY – 19%. 5.8 MILLION HOUSEHOLDS WERE SERVED WITH LIHEAP IN 2008 AND THE AVERAGE GRANT WAS \$359. MANY MILLIONS MORE HOUSEHOLDS ARE NOW NEEDY AND THE AVERAGE GRANT IS WOEFULLY INADEQUATE.

LIHEAP ASSISTS INDIVIDUALS WITH DISABILITIES, SENIORS AND LOW-INCOME HOUSEHOLDS WITH INCOME UNDER 150% OF THE FEDERAL POVERTY LEVEL OR 60% OF STATE MEDIAN INCOME. SEVENTY-FOUR PERCENT OF THE HOUSEHOLDS SERVED HAVE INCOMES BELOW \$15,000 AND 50% HAVE INCOMES BELOW \$10,000. NINETY-FOUR PERCENT OF LIHEAP HOUSEHOLDS HAVE AT LEAST ONE MEMBER WHO IS ELDERLY, DISABLED, A CHILD UNDER 18 OR HAS A SINGLE ADULT LIVING WITH ONE OR MORE CHILDREN.

LIHEAP HELPS PEOPLE IN THE NORTH THAT ARE SEEING UNBELIEVABLE INCREASES IN HEATING OIL AND PROPANE PRICES THIS WINTER AND HELPS PEOPLE IN WARM STATES WITH SUMMER COOLING. FUNDS GET OUT QUICKLY AND HELP AVOID UTILITY SHUT-OFFS.

LIHEAP FUNDS ACTUALLY KEEP PEOPLE FROM DYING.

## **CONCLUSION**

THANK YOU FOR YOUR TIME TODAY. WE LOOK FORWARD TO YOUR SUPPORT FOR THESE CRITICAL PROGRAMS. I AM HAPPY TO ANSWER ANY QUESTIONS.