

TESTIMONY OF DAVID TERRY, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE ENERGY OFFICIALS, BEFORE THE SENATE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS SUBCOMMITTEE IN SUPPORT OF FY'22 U.S. ENVIRONMENTAL PROTECTION AGENCY FUNDING

June 21, 2021

Chairman Merkley, Ranking Member Murkowski, and members of the Subcommittee, I am David Terry, Executive Director of the National Association of State Energy Officials (NASEO), which represents the 56 State and Territory Energy Directors and their Offices. NASEO is submitting this testimony in support of funding for the ENERGY STAR program (within the Climate Protection Partnership Division of the Office of Air and Radiation) at the U.S. Environmental Protection Agency (EPA). NASEO supports funding of at least **\$80 million in FY'22, including specific report language directing that the funds be utilized only for the ENERGY STAR program. The program received \$54 million a decade ago and is now down to \$39.4 million.** The ENERGY STAR program is successful, voluntary, and cost-effective. The program has a proven track record – it makes sense, it saves energy and money, and Americans embrace it. ENERGY STAR helps consumers and businesses control expenditures over the long term. The program is strongly supported by product manufacturers, utilities, and homebuilders, and ENERGY STAR leverages the states' voluntary efficiency actions. Voluntary ENERGY STAR activities are occurring in public buildings, such as schools, in conjunction with State Energy Offices, in virtually every state, including Oregon and Alaska. The states and the public utilize ENERGY STAR because it is seen as unbiased and delivers cost-saving benefits to businesses, consumers and state and local governments.

The ENERGY STAR program is focused on voluntary efforts that reduce energy waste, promotes energy efficiency and renewable energy, and works with states, local governments, communities and business to achieve these goals in a cooperative, public-private manner. NASEO has worked closely with EPA and approximately 40 states are ENERGY STAR Partners. With very limited funding, EPA's ENERGY STAR program coordinates with the State Energy Offices to give consumers and businesses the opportunity and technical assistance tools to make better energy decisions and catalyzes product efficiency improvements by manufacturers without regulation or mandates. The program is voluntary.

ENERGY STAR focuses on energy-efficient products as well as buildings (e.g., residential, commercial, and industrial). Over 300 million ENERGY STAR qualified products were sold in 2019 alone, not including another 300 million ENERGY STAR certified light bulbs. The ENERGY STAR label is recognized across the United States. Approximately 90 percent of households recognize the ENERGY STAR label and a majority of surveyed U.S. households reported having purchased an ENERGY STAR product. The manufacturing, installation, design, wholesale distribution, and provision of professional services related to ENERGY STAR products employed almost 827,000 American workers in 2019. It makes the work of the State Energy Offices much easier, by engaging the public on easily-recognized products, services, and targets. In order to obtain the ENERGY STAR label, a product has to meet established guidelines. ENERGY STAR's voluntary partnership programs include ENERGY STAR Buildings, ENERGY STAR Homes, ENERGY STAR Small Business, and ENERGY STAR

Labeled Products. A new ENERGY STAR “tenant spaces” program should be launched in 2021. The program operates by encouraging consumers and working closely with state and local governments to purchase these products and services.

Marketplace barriers are also eradicated through the ENERGY STAR program’s collaborative approach to consumer education. State Energy Offices are working with EPA to promote ENERGY STAR products, ENERGY STAR for new construction, ENERGY STAR for public housing, etc. Another ENERGY STAR success is in the manufactured housing sector. Some states and utilities offer modest rebates for ENERGY STAR manufactured homes in order to deliver both energy cost savings to homeowners and lower overall electric grid operation costs for all customers.

In 2019, millions of consumers and thousands of voluntary partners, including manufacturers, builders, businesses, communities, and utilities, tapped the value of ENERGY STAR and achieved impressive financial and environmental results.

An estimated 70,000 energy efficiency home improvement projects were undertaken through the whole house retrofit program, Home Performance with ENERGY STAR, in 2020.

More than 840 utilities, state, and local governments and non-profits utilize ENERGY STAR in their energy efficiency programs, as do 1,800 manufacturers.

The State Energy Offices are very encouraged by progress made at EPA, in partnership with the U.S. Department of Energy, and in our states to promote programs to make schools more energy-efficient while improving indoor air quality and comfort. In fact, there are over 150 ENERGY STAR-rated schools in states from Arizona to Maine. In addition, many states’ private sector partners voluntarily utilize ENERGY STAR to promote energy efficiency and lower operating costs.

EPA provides technical assistance to the State Energy Offices in such areas as ENERGY STAR Portfolio Manager (how to rate the performance of buildings), setting an energy target, and financing options for building improvements and building upgrade strategies. ENERGY STAR Portfolio Manager is used extensively by State Energy Offices to benchmark performance of state and municipal buildings, saving taxpayer dollars. Portfolio Manager is the industry-leading benchmarking tool which has been used voluntarily in approximately 50% of the commercial buildings in the United States. Portfolio Manager is used to measure, track, assess, and report energy and water consumption.

Additionally, the industrial sector embraces ENERGY STAR at job-creating companies such as GM, Eastman Chemical, Nissan, Raytheon, and Boeing. Recent ENERGY STAR certified manufacturers include such companies as J.R. Simplot, Flowers Foods, Ardagh Glass, and Marathon Petroleum Refining. At the close of 2019, more than 750 U.S. industrial sites had committed to the ENERGY STAR Challenge for Industry, while 311 sites met or exceeded their targets by achieving an average 10% reduction in industrial energy efficiency within five or fewer years.

The State Energy Offices are working cooperatively with our peers in the state environmental agencies and state public utilities commissions to ensure that programs, regulations, projects and policies are developed recognizing both energy and environmental concerns. We have worked closely with this program at EPA to address these issues. We encourage these continued efforts.

For example, in Oregon, the State is focused on decarbonization efforts, and ENERGY STAR is a useful tool to promote sustained investments in energy efficiency. In Alaska, the State has worked with partners to promote the Village Energy Efficiency Program, and ENERGY STAR has been critical.

Moreover, Oregon and Alaska have significant ENERGY STAR activities underway:

- Oregon is home to 180 businesses and organizations participating in U.S. EPA's ENERGY STAR program: 9 manufacturers of ENERGY STAR certified products; and 10 companies supporting independent certification of ENERGY STAR products and homes 49 companies building ENERGY STAR certified homes. ENERGY STAR Partner Activity in Oregon includes 1.9 million customers served by ENERGY STAR utility partners in 2020; 3,607 buildings (255 million square feet) benchmarked using EPA's ENERGY STAR Portfolio Manager; 26,522 homes earned the ENERGY STAR to-date; 437 buildings earned the ENERGY STAR to-date, including 107 schools, 3 hotels, 6 hospitals, 142 office buildings and 5 industrial plants.
- Alaska is home to 20 businesses and organizations participating in U.S. EPA's ENERGY STAR program; has 153 thousand customers being served by ENERGY STAR utility partners; 437 buildings that have been benchmarked using EPA's ENERGY STAR Portfolio Manager; 11,891 homes have earned the ENERGY STAR label; 31 schools, and 4 hospitals.

Conclusion

The ENERGY STAR program saves consumers billions of dollars every year. The payback and job creation benefits are enormous. NASEO supports robust program funding of at least \$80 million in FY'22. Funding for the ENERGY STAR program is justified. It is a solid public-private relationship that leverages resources, time and talent to produce tangible results by saving energy and money and, in light of Administrator Michael Regan's commitment to environmental justice, can provide immense benefits to high-need and underserved communities. NASEO endorses these activities as well as the constructive partnerships that the State Energy Offices have with EPA to cooperatively implement a variety of critical national programs without mandates.

Contact: David Terry, NASEO Executive Director (dterry@naseo.org); and Jeff Genzer, NASEO Counsel (jcg@dwgp.com).