



June 12, 2017

TO: Members, Subcommittee on Energy

FROM: Committee Majority Staff

RE: Hearing entitled “States’ Perspectives on Energy Security Planning, Emergency Preparedness, and State Energy Programs”

I. INTRODUCTION

The Subcommittee on Energy will hold a hearing on Wednesday, June 14, 2017, at 10:00 a.m. in 2123 Rayburn House Office Building. The hearing is entitled “States’ Perspectives on Energy Security Planning, Emergency Preparedness, and State Energy Programs.”

II. WITNESSES

- **Valerie Brader**, Executive Director, Michigan Agency for Energy;
- **Brian Lloyd**, Executive Director, Public Utility Commission of Texas;
- **David Terry**, Executive Director, National Association of State Energy Officials (NASEO);
- **Michael Furze**, Assistant Director, Department of Commerce, State of Washington;
- **David Gipson**, Director, Energy Resources Division, Georgia Environmental Finance Authority; and,
- **John Betkoxi III**, Vice Chairman, Connecticut Public Utilities Regulatory Authority, on behalf of the National Association of Regulatory Utility Commissioners (NARUC).

III. BACKGROUND

The United States’ energy infrastructure is comprised of a vast network of energy and electricity delivery systems. These intricate and highly interdependent systems are crucial to the daily lives of Americans. The nation’s economy, security, and the health and safety of its citizens depend upon the reliable and uninterrupted delivery of fuels and power. The manner in which energy and power is being generated, transmitted, and delivered is rapidly changing. Recent events have shown that the nation’s energy and electricity delivery systems are vulnerable to cyberattacks and other emerging threats.¹ States are leaders in recognizing the

¹ For more information see Electricity Information Sharing and Analysis Center’s (E-ISAC) Report titled [Analysis of the Cyber Attack on the Ukrainian Power Grid](#), March 18, 2016

need to prioritize energy security, emergency planning, and energy infrastructure protection. States have taken significant action in preparing and coordinating for energy emergencies.

The Department of Energy's State Energy Program

The Department of Energy's (DOE) State Energy Program, originated as the State Energy Conservation Program and was first authorized under part D of title III of the Energy Policy and Conservation Act (EPCA) of 1975.² The purpose of the program was to promote the conservation of energy and reduce the rate of growth of energy demand.³ EPCA directed the DOE's Secretary to establish procedures and guidelines for the development and implementation of specific State energy conservation programs and to provide financial and technical assistance to States for these programs.⁴ Section 362 of part D of title III of EPCA invites the Governors of each State to submit a report to the Secretary of Energy that includes a plan that outlines a State's energy conservation goals, including cost of implementation and estimated energy savings. States are eligible for federal financial assistance for State Energy Conservation plans if they meet the mandatory requirements under section 362 (c) (1-6) of part D of title III of EPCA.⁵

Throughout the 1980s and early 1990s, several statutes, including the Energy Policy Act of 1992, amended the State Energy Conservation Program. In 1996, the DOE's State Energy Program was established by consolidating the State Energy Conservation Program and the Institutional Conservation program.⁶ The State Energy Conservation Program provided State funding for energy efficiency and renewable energy activities.⁷ The Institutional Conservation Program provided schools and hospitals with technical analysis of their buildings and installed conservation retrofits based on those analyses.⁸

The State Energy Program is administered by DOE's Office of Energy Efficiency and Renewable Energy and is funded through several sources, including congressional appropriations, State matching funds, and income generated by State Energy Program activities.⁹ Congress appropriates funds annually to support program activities, which includes funding for formula grants, competitive awards, and technical assistance.¹⁰

Since the Energy Policy and Conservation Act of 1975, several subsequent statutes have reauthorized the State Energy Program. This includes the Energy Conservation and Production Act of 1976, the Energy Efficiency Programs Improvement Act of 1990, the Energy Policy Act of 1992, Energy Independence and Security Act of 2007, and the American Reinvestment and

² Energy Policy Conservation Act of 1975, 42 U.S.C. §§ 6321-6326

³ Energy Policy Conservation Act of 1975, 42 U.S.C. §§ 6321(b)

⁴ *Id.*

⁵ Energy Policy Conservation Act of 1975, 42 U.S.C. §§ 6321-6326

⁶ *For more information see* U.S. Department of Energy, State Energy Program: Operations Manual (2014)

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

Recovery Act. The State Energy Program authorization expired in 2012 and has since been receiving \$50 million a year in unauthorized appropriations.¹¹

State Energy Security and Emergency Preparedness

Since the 1970s, State energy emergency planning, often called energy assurance, has evolved significantly.¹² Initially focused on petroleum shortages, these initial planning efforts were aimed at mitigating the rising cost of energy and reducing energy demand.¹³ Electricity and natural gas contingencies have addressed shortage and response planning process, typically as part of the regulation of electric and gas utilities.¹⁴

The State Energy Efficiency Programs Improvement Act of 1990¹⁵ amended the Energy Policy Conservation Act (EPCA) of 1975 by including energy emergency planning requirements as a supplement to State energy conservation plans. Under this new provision, federal financial assistance for the entire section was contingent upon a State designing an energy emergency planning program for an energy supply disruption.¹⁶ The energy emergency plan must include an implementation strategy that included regional coordination.¹⁷ The submission of these plans is for informational purposes and does not require approval of the Secretary of Energy.¹⁸

The State, Local, Tribal, and Territorial Energy Assurance Program is located within the Infrastructure Security and Energy Restoration (ISER) Division of the office of Energy Delivery and Energy Reliability of the U.S. Department of Energy.¹⁹ ISER is tasked with applying the DOE's technical expertise to help ensure the security, resiliency and survivability of key energy assets and critical energy infrastructure.²⁰ ISER works with the Department of Homeland Security, the Federal Energy Regulatory Commission, and other national, regional, State, and local government and commercial organizations.²¹

State Energy Assurance Guidelines were developed by the National Association of State Energy Officials (NASEO) along with the National Association of Regulatory Utility Commissioners (NARUC) under the direction of the U.S. Department of Energy's Office of Electricity Delivery and Energy Reliability (OE).²² These guidelines integrate lessons learned from response efforts in previous energy emergencies and include input from conferences,

¹¹ For additional information see Department of Energy, FY2018 [Congressional Budget Request](#): Volume 3 (2017) and Congressional Budget Office, [Expired and Expiring Authorization of Appropriations](#) (2017)

¹² For more information see National Association of State Energy Officials, [State Energy Assurance Guidelines](#) (Version 3.1 2009).

¹³ *Id.*

¹⁴ *Id.*

¹⁵ State Energy Efficiency Programs Improvement Act of 1990, 42 U.S.C. §§ 6323(e)

¹⁶ Energy Policy Conservation Act of 1975, 42 U.S.C. §§ 6323(e)(2)

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ For more information see <https://energy.gov/oe/mission/infrastructure-security-and-energy-restoration-iser>

²⁰ *Id.*

²¹ *Id.*

²² For more information see National Association of State Energy Officials, [State Energy Assurance Guidelines](#) (Version 3.1 2009).

exercises, and meetings on energy assurance.²³ These guidelines also provide recommendations on preparing energy assurance plans.²⁴

IV. ISSUES

The following issues may be examined at the hearing:

- State efforts to further energy security planning and emergency preparedness
- The Department of Energy's State Energy Programs
- Opportunities for States to improve emerging physical and cybersecurity threats

V. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Annelise Rickert or Tom Hassenboehler of the Committee staff at (202) 225-2927.

²³ For more information see National Association of State Energy Officials, [State Energy Assurance Guidelines](#) (Version 3.1 2009).

²⁴ *Id.*