

TESTIMONY OF DAVID TERRY, PRESIDENT, NATIONAL ASSOCIATION OF STATE ENERGY OFFICIALS, BEFORE THE HOUSE APPROPRIATIONS COMMITTEE, SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES IN SUPPORT OF FY'25 USDA FUNDING

May 6, 2024

Chairman Harris and Ranking Member Bishop, I am David Terry, President of the National Association of State Energy Officials (NASEO), and I am testifying in support of FY'25 funding for the energy title of the Farm Bill. **The mandatory levels of the energy title of the Farm Bill should be supported (2018 Farm Bill, P.L. 115-334).** Specifically, we support funding of at least \$30 million in additional discretionary spending for the Rural Energy for America (REAP) program. Fifteen percent of the additional discretionary funds should be allocated to underutilized renewable energy technologies through a reserve fund. The REAP program was created in the 2002 Farm Bill and it has been a huge success. Over 15,000 energy efficiency and renewable energy projects have been implemented in every state since 2003. Since the 2014 Farm Bill, REAP has leveraged \$7 billion in private investments with the \$338 million in appropriations. We also support \$15 million in mandatory funding and \$30 million in discretionary funding; a total of \$45 million for the Rural Energy for America Loans program. “On-bill” energy efficiency financing programs for rural electric cooperatives is an important activity through USDA. Under the Rural Energy Savings Program (RESP), \$26 million should be provided for FY'25. The models in South Carolina, Arkansas, and Washington are very exciting. This RESP funding level should leverage about \$250 million in RESP loans. This program should be dramatically expanded. We also recommend that beneficial electrification initiatives should be funded with both the REAP and RESP programs. These recommendations

are in addition to funding under the Inflation Reduction Act and the Infrastructure, Investment, and Jobs Act.

REAP has specifically benefitted farmers, ranchers and rural small businesses that are often underserved by other federal energy efforts. NASEO's State Energy Office members work directly with eligible entities, as well as state agricultural agencies and rural interests to promote this successful program. REAP focuses on facilitating private-sector led rural economic development.

NASEO represents the energy offices in the 56 states, territories and the District of Columbia. The REAP program, and the other critical programs in the energy title of the last multi-year Farm Bill (and RESP), helps the private sector create jobs, supports increased agricultural productivity and operational efficiency, reduces energy costs for farmers, ranchers and rural small businesses, generates home-grown energy, promotes use of alternative fuels produced by America's farmers, and further reduces our dependence on imported petroleum. The cost is very low and the payback is very high.

As noted above, NASEO also supports additional energy title programs. There are several of note that should be supported at mandatory funding levels and RESP. These include the Biomass Crop Assistance Program, Biorefinery Assistance, Renewable Chemical and Biobased Product Manufacturing Assistance Program, and the Biobased Markets Program (otherwise referred to as "Biopreferred"), the Biomass Research & Development Initiative, the Bioenergy Program for Advanced Biofuels, the Biodiesel Fuel Education Program, and the Carbon Utilization and Biogas Education Program.

The RESP zero-interest loans to rural electric cooperatives, state financing entities and others help on residential and small business energy efficiency measures. RUS has awarded almost \$540 million in 44 RESP loans in 24 states.

In FY'25, we urge your support for the REAP program and the Rural Energy for America Loans program, and additional energy title programs as noted above. We also support expansion and support for “on-bill” financing programs (RESP) through USDA. For all these programs, we recommend streamlining the applications in order to reduce paperwork burdens for low-cost grants and loans. The REAP program’s small grant cap should be raised to \$75,000.

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