

Testimony of  
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State Energy Officials

Before the  
U.S. Senate Environment and Public Works Committee  
Hearing to Examine the Federal Environmental Review and  
Permitting Processes Part II

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## I. Introduction and Overview of NASEO

Chair Capito and Ranking Member Whitehouse, I am David Terry, President of the National Association of State Energy Officials (NASEO). I am pleased to have the opportunity to testify before you today in support of federal permitting reform and modified federal environmental reviews. NASEO members include all 50 State Energy Offices in the United States, as well as the offices in the territories and Washington, D.C. The functions of the State Energy Offices vary by state based upon their energy resources, needs, and goals, but there are a number of commonalities in function.

These include: 1) assisting their governors and legislators in the development and implementation of state energy policy; 2) aiding in the development of energy programs and projects; 3) supporting energy and economic development; and 4) leading state energy security planning and supporting the governors' energy emergency response efforts during energy supply disruptions.

These offices are directly involved in the implementation of energy projects and thus have a direct interest in federal environmental reviews and permitting processes. In particular, NASEO members are involved in the development of electricity, natural gas, and other energy infrastructure projects, and work with other relevant state agencies in these areas.

## II. NASEO's Bipartisan Engagement and Federal Legislative Experience

In the last Congress, NASEO endorsed the bipartisan Manchin-Barasso permitting reform package, and we look forward to working with this Committee and other relevant committees, such as the Energy and Natural Resources Committee, in the development of legislation to address needed reforms to the processes for planning and permitting all types of infrastructure. We were also pleased that the National Governors Association (NGA) wrote to Congressional leaders in support of comprehensive permitting reform. NASEO works closely with NGA and has since NASEO was founded with the support of NGA in 1986.

## III. The Urgent Need for Federal Permitting Reform from a State Perspective

Improving the speed and certainty of technology neutral federal permitting processes is critical to meeting the energy, economic development, environmental, and affordability goals of every state. Ensuring rapidly growing electric loads are addressed is a top priority. State Energy Offices are also concerned with energy security and supply disruptions (fuels and grid) resulting from weather, physical, and cyber events. A stressed energy system in need of modernization, optimization, and expansion increases the risk of energy supply disruptions that can threaten life, health, and property. In addition, many states have energy and environmental goals that rely on the ability to deploy resources and technologies such as natural gas and other advanced fossil generation, advanced geothermal, advanced nuclear, hydro, wind, solar, batteries and other energy storage, virtual power plants, and transmission.

In particular, permitting reform that significantly accelerates electric transmission projects should be prioritized, using options such as categorical exclusions for transmission using existing

right of ways and grid enhancing technologies (e.g., advanced reconductoring). In addition, speeding the modernization, expansion, and optimization of our grid from generation to end-use is a key mechanism to put downward pressure on energy costs and essential to improving the reliability of our energy system more rapidly. Grid optimizing technologies that improve energy efficiency, increase power flows, and enhance reliability should be prioritized by transmission organizations, utilities, and others. Where appropriate to reduce pressure on the grid, monetary incentives for behind the meter generation should be considered as part of comprehensive legislation.

In addition to the proposals discussed elsewhere in this testimony, the following are some of the important federal permitting reform priorities NASEO believes should be addressed (including suggestions made by NGA):

1. Modernize and streamline federal reviews utilizing shared interagency systems, AI-enabled permitting processes, and common digital formats for permits.
2. Ensure federal agencies have sufficient staffing to make timely permitting decisions.
3. Clarify an energy technology-neutral approach on retroactive permitting or leasing changes.
4. Expand categorical exclusions to classes of projects such as new transmission facilities within existing rights-of-way and grid enhancing technologies.
5. Allow categorical exclusions legislatively enacted by Congress and utilized by one agency to be adopted by another agency.
6. Enforce reduced timelines set forth in the *Fiscal Responsibility Act* for environmental assessments and environmental impact statements.
7. Allow groups of two or more contiguous states to nominate National Interest Electric Lines.
8. Require transmission organizations to prioritize the deployment of grid-enhancing technologies and other alternative transmission technologies in planning processes to maximize grid capacity, minimize costs, and enhance reliability.
9. Allow FERC greater flexibility to allocate the costs of interstate and offshore transmission projects among all project beneficiaries.

#### IV. State Experience with Permitting and Environmental Review Processes

Of great importance is the work that the State Energy Offices are engaged in to develop holistic energy policies, programs, and projects. State Energy Offices work with other relevant state agencies, such as environmental agencies, public utility commissions, natural resource agencies, agricultural agencies, transportation agencies, and housing agencies. In that regard, state officials generally agree with federal officials and legislators that permitting of energy projects simply takes too long and lacks procedural certainty as to processes and reasonable timelines.

The Standardizing Permitting and Expediting Economic Development Act (SPEED Act, H.R. 4776), passed by the House in December has many positive elements in terms of accelerating environmental reviews, reducing onerous time frames and making it more clear how projects can move through the process. The idea of deferring to state action if there is an “equivalent process” to the National Environmental Policy Act (NEPA) in the states is also a positive development.

Reliance on prior environmental reviews in the same area is also a good idea. NASEO also supports categorical exclusions established by one federal agency being used by other federal agencies. Through discussions with the State Energy Offices, there is great concern with the amendment that was added on the House floor after action by the Natural Resources Committee. The amendment appeared targeted to move away from an “all of the above,” technology-neutral approach to permitting reform. In addition, in order for permitting reform to support rapid deployment of new electrical generation, it is essential that the elements of the SPEED Act are paired with additional reforms needed to accelerate the deployment of transmission infrastructure.

## V. Strengthening Permitting Certainty Through Legislative Improvements

### A. Rebuttable Presumption for Previously Permitted Projects

Individual states have different priorities in terms of technology development, available resources, and generation choices, but the Natural Resources bill as it came out of Committee provided assurances that the federal government not revoke or disrupt permits based on changing federal technology preferences. In that light, we believe a rebuttable presumption in favor of previously permitted projects should be included in a final legislative package. Such a presumption could apply for as long as ten years into the past. For a revocation of such a permit to be allowable, there should be a specific, identifiable change in circumstance that can be shown by evidence not to have been considered. The burden of proof should be on the federal government or an outside party that the change in circumstance is significant enough to warrant revocation of a permit. The level of proof should be “clear and convincing,” not an assertion backed by limited impact. Weaponizing environmental reviews, no matter what type of technologies are being supported, is bad public policy.

### B. Ensuring Adequate Federal Staffing for Environmental Reviews

Another area that should be addressed is assurance that there will be sufficient NEPA-related personnel at the federal agencies and the Council on Environmental Quality to conduct such reviews. In our view, it is not sufficient to authorize these changes in NEPA reviews without ensuring that there are enough personnel to actually conduct the reviews and meet the time frames for final agency action that would allow projects to move forward where appropriate.

### C. Long-Term Funding to Support Permitting Reform

The final legislation should include both authorizing language on permitting and sufficient funding over a multi-year basis (e.g., 10 years) to accomplish the purposes set forth in the statute. Without such assurances in funding it would be too easy for federal agencies to fail in necessary NEPA reviews and could even slow down the process. The lack of resources also applies to reviews under Section 106 of the Historic Preservation Act. Again, sufficient funds, direction, and timelines must be provided for those reviews so that it does not continue to be a bottleneck for project development of all types.

## VI. Expanding and Improving Use of Categorical Exclusions

The Committee should also strongly consider including statutory expansion of categorical exclusions under NEPA, in addition to setting forth clear criteria for actionable categorical exclusions to encourage environmentally-sound project development. Where projects are being developed at formerly operated generation facilities, especially co-located generation projects with energy storage, and where there are no outstanding unaddressed environmental enforcement actions, such sites should receive consideration for categorical exclusions. Existing interconnection facilities are a huge benefit at these sites and can reduce environmental damage at other sites, due to the reuse of the facilities. Incentives for reuse of brownfield sites should also be encouraged in this manner. NASEO believes that programmatic agreements on NEPA-associated reviews and categorical exclusions for a longer period would facilitate project development.

## VII. Enhancing State-Federal and Interstate Coordination

State level, interstate and federal-state cooperation will be necessary to accomplish the purposes of accelerating reasonable, environmentally sound, project development. We recommend that this Committee, in conjunction with the Senate Energy and Natural Resources Committee, the House and other interested committees, examine creative permitting ideas. For example, in the 1980s, 1990s and 2000s, NASEO convened state energy directors, state environmental regulators, state utility commissioners, and state transportation officials to work together on finding solutions to complicated problems that cross-over between energy and environmental issues. The final legislative text for a permitting bill could provide incentives to states to ensure that the state agencies are working together on joint planning for ultimate project and policy development, along with state-federal coordination.

## VIII. Leveraging State Leadership and Private-Sector Engagement

State Energy Offices in all 50 states work closely with the private sector in their respective states on economic development initiatives, especially in the area of energy project development. The federal government is not as close to many of these businesses, and states are more adept at working with them to find solutions. States enacting reciprocal state legislation offers another model that could be affirmatively authorized. Examples of such aggressive state activities could include site banking, co-location of facilities on existing rights of way, aggressive introduction of grid enhancing technologies, wildlife corridors, coordination to ensure accelerated work by the Bureau of Land Management, Fish and Wildlife Service, Forest Service and others.

## IX. Improving State-Federal Coordination at the Federal Energy Regulatory Commission and Department of Energy

At the Federal Energy Regulatory Commission (FERC), Section 209 of the *Federal Power Act* provides for joint boards with State Public Service Commissions. NASEO strongly supports the continuation and use of these joint boards, but they need to be expanded so that state energy policy – distinct from regulation – set by governors and state legislatures is considered through specific inclusion of State Energy Office representatives. Under the jurisdiction of the Senate

Energy and Natural Resources Committee, this type of state-federal activity could be augmented to set-up a separate entity between DOE, Environmental Protection Agency (EPA), FERC and the State Energy Offices to address coordinated project development. In addition, DOE should utilize the statutorily created State Energy Advisory Board to enhance its authority by reporting directly to the Secretary and the Undersecretary for Energy on issues related to siting. As an interim step, the DOE Secretary could direct this Federal Advisory Committee Act-authorized committee to establish this reporting structure and then modify the statute through the permitting legislation. In addition, the Secretary of Energy Advisory Board should be modified to ensure representation by the State Energy Offices.

#### X. Addressing Permitting Challenges Related to Data Centers and Manufacturing

Permitting reform must also address the increasing electricity needs of data centers and new manufacturing. Delivering reliable electricity to these sectors rapidly, while not concurrently limiting electricity delivery to surrounding areas, is critical to economic growth and America's competitiveness globally.

#### XI. Regional and Market-Wide Electricity Coordination Challenges

Many State Energy Offices are working with businesses and consumers to help inform them about the benefits and impacts of energy projects and streamlining state permitting and siting processes in ways that speed project development. There is also state cooperation in other areas, such as the announcement on January 16, 2026, by a bipartisan group of states, working with the White House's Energy Dominance Office, to further cooperative action to push PJM toward coordinated steps to address power demand growth from large loads. Key state energy offices in the PJM region have been helping to lead this activity. Electricity challenges are not limited to PJM. States in most other electricity markets express concerns about not being heard in a way that will improve resilience, reliability, and cost, and address state-set energy and environmental goals.

#### XII. Technology Neutrality, Affordability, and Energy Innovation

Affordability is a key problem for nearly all states and solutions will not be achieved by limiting the range of technologies. To support emerging energy technology options, NASEO has initiated two programs with DOE: 1) the Advanced Nuclear First Mover Initiative; and 2) the Geothermal Power Accelerator. I want to stress that both of these activities are bipartisan and targeted to deploying these technologies through new state policies and private investment as quickly as possible. As important as these longer-term energy infrastructure projects are, it would be a major mistake to ignore the value of energy innovation using available efficiency technologies, virtual power plant approaches, distribution system improvements, onshore and offshore wind, solar, storage, and fossil generation technologies. We need all these electrons and fuels, and picking winners and losers at the federal level is a mistake. Any final legislation in the permitting arena must acknowledge the state policy role – distinct from regulation – and address these needs in a meaningful and durable way.

### XIII. Energy Security, National Defense and Critical Infrastructure

Another area where the states and the federal government could expand cooperation is in the area of power supply and transmission and distribution infrastructure development. This should include energy siting and permitting for energy infrastructure serving defense critical facilities. NASEO is cooperating with DOE's Office of Electricity and DOE's Office of Cybersecurity, Energy Security and Emergency Response Office on a range of security, fuels, and grid issues and we fully support and appreciate this important collaboration.

### XIV. Conclusion and Commitment to Bipartisan Collaboration

We deeply appreciate the opportunity to testify before the Committee, and we are dedicated to working with you and your staff on a permitting reform package that addresses the wide range of needed energy infrastructure investments, such as electricity generation and transmission, on a technology neutral, bipartisan basis to move the country forward. Also, we look forward to working with other relevant committees in both the House and Senate.

I am pleased to respond to any questions that you may have.

## Summary of Testimony

### I. Overview of NASEO

The National Association of State Energy Officials (NASEO) represents all 50 State Energy Offices, U.S. territories, and Washington, D.C. State Energy Offices assist governors and legislatures with energy policy, implement energy programs and projects, support economic development, and lead energy security and emergency response efforts. Because they directly implement electricity, natural gas, and other energy infrastructure projects, State Energy Offices have a practical, on-the-ground interest in federal permitting and environmental review processes.

### II. The State Perspective on Permitting Reform

States face rapidly growing electricity demand alongside increasing reliability, affordability, and energy security challenges. Lengthy and uncertain federal permitting processes hinder the modernization, optimization, and expansion of energy systems needed to address supply disruptions from weather, physical, and cyber threats. Improving the speed and certainty of permitting is essential to protecting life, health, and property while strengthening reliability and controlling energy costs.

### III. Bipartisan Engagement and Legislative Experience

NASEO has a long history of bipartisan engagement and endorsed the bipartisan Manchin-Barrasso permitting reform package in the last Congress. NASEO works closely with the National Governors Association, which has also supported comprehensive permitting reform. Since its founding in 1986, NASEO has served as a trusted partner to both states and the federal government on energy and environmental policy.

### IV. State Experience With Permitting Processes

State Energy Offices regularly coordinate with environmental agencies, public utility commissions, natural resource agencies, transportation agencies, and housing agencies to implement energy projects. Based on this experience, state officials broadly agree that current permitting processes take too long and lack predictable timelines and procedural certainty, creating unnecessary barriers to project development.

The House-passed SPEED Act includes positive reforms, such as accelerating environmental reviews, clarifying timelines, deferring to equivalent state review processes, relying on prior environmental analyses, and expanding the use of categorical exclusions across federal agencies. However, amendments adopted on the House floor raised concerns by moving away from a technology-neutral, all-of-the-above approach that accommodates diverse state energy priorities.

## **VI. Key Recommendations for Effective Permitting Reform**

NASEO recommends strengthening permitting reform by establishing a rebuttable presumption in favor of previously permitted projects, with clear evidentiary standards to prevent the misuse of environmental reviews. Reform should also ensure sufficient staffing at federal agencies and the Council on Environmental Quality, paired with long-term, multi-year funding similar to the Infrastructure Investment and Jobs Act. Without adequate resources, permitting reforms risk falling short in practice, including under Section 106 historic preservation reviews.

## **VII. Expanding Categorical Exclusions and Site Reuse**

Statutory expansion of categorical exclusions under NEPA, with clear criteria, would accelerate environmentally sound project development. Projects located at formerly operated generation sites, co-located generation and storage facilities, and brownfield sites—particularly those with existing interconnection infrastructure—are strong candidates for streamlined review.

Programmatic agreements and longer-term categorical exclusions would further reduce delays.

## **VIII. State–Federal Coordination as a Solution**

Effective permitting reform requires enhanced state-federal and interstate coordination. NASEO has a history of convening state agencies to address complex, cross-cutting energy and environmental challenges. Federal legislation could incentivize joint state planning, strengthen coordination with federal agencies, and leverage states’ close relationships with private-sector developers.

## **IX. Large Loads, Affordability, and Competitiveness**

Permitting reform must address growing electricity demand from data centers and new manufacturing, which is critical to U.S. economic growth and global competitiveness. NASEO supports a technology-neutral, all-of-the-above approach that promotes affordability and innovation. Through partnerships with DOE, including the Advanced Nuclear First Mover Initiative and the Geothermal Power Accelerator, NASEO is helping states deploy a broad range of energy solutions while respecting state energy policy authority.

## **X. Conclusion**

NASEO appreciates the opportunity to testify and remains committed to working on a bipartisan basis with Congress and federal agencies to advance durable, practical permitting reform. NASEO stands ready to serve as a solutions-oriented partner to help accelerate project development, protect the environment, strengthen energy security, and support state and national economic goals