

From: AnnDyl Team

Re: Senate Appropriations Energy & Water Subcommittee FY2026 Bill and Report Released

Date: November 25, 2025

Late yesterday, the Senate Appropriations Committee Subcommittee on Energy & Water (E&W) released its FY26 bill and report, which provides additional details on program funding as well as Congressional direction for the Department of Energy for the next fiscal year.

The Senate E&W bill proposes \$49.574 billion for the U.S. Department of Energy (DOE), a 1.2% topline cut from FY25 enacted levels, but \$800 million above the FY26 House-proposed figure. Additionally, the bill proposes \$3.29 billion for DOE's Office of Energy Efficiency and Renewable Energy (EERE), a 5% cut from FY25 enacted levels, but \$1.44 billion above the House-proposed figure. The full Energy and Water Subcommittee bill can be accessed [here](#), while the report can be accessed [here](#).

Unlike typical Senate packages released in a bipartisan fashion – since all appropriations bills require 60 votes to pass the Senate – the FY26 E&W bill was **released as a Republican-only product and reflects the priorities of E&W Subcommittee Chairman John Kennedy (R-LA)** to cut EERE funding and increase defense funding in the bill. Vice Chair Patty Murray (D-WA), who had reportedly previously reached agreement with Chair Collins (R-ME) on a Senate E&W package earlier in the year, said in a [statement](#) she was “disappointed that Senate Republicans released a partisan bill instead of working with Senate Democrats—and I am especially disappointed by the cuts to critical clean energy programs”.

In the wake of the many DOE award terminations issued over the course of this year, the FY26 E&W bill proposes bill language limiting DOE from issuing terminations or funding deobligations without providing House and Senate Appropriators sufficient notice. E&W appropriators proposed including this direction in the bill [text](#), not the bill report - if enacted, this would make the provisions law and therefore stronger than standard directional language included in bill reports. The bill also includes language preserving prior indirect cost rates from FY24, in opposition to DOE's Policy Flash issued this summer. For more information, see p.5 of this memo.

Key Program Details

Although the Senate E&W bill proposes to cut overall EERE funding, the report proposes funding plus ups for several key programs within EERE, including the **Weatherization Assistance Program (WAP), State Energy Program (SEP), and Residential Buildings Integration (RBI) program – big wins in a constrained funding environment. The report proposes a 2.5% (\$9M) increase for WAP, a 13.6% (\$9M) increase for SEP, and a 28.3% (\$17M) increase for RBI** over FY24 levels. To fund FY26 EERE activities, the Senate E&W bill proposes transferring \$1.06 billion of unspent carbon removal funding from the Infrastructure Investment and Jobs Act (IIJA) to EERE (p. [34](#)). The bill also proposes transferring funding from the DOE Office of Clean Energy Demonstrations provided by IIJA to the Office of Nuclear Energy, Office of Fossil Energy, and Office of Science. For more details on E&W funding for key specific DOE programs, see the table on the next page.

As expected, the Senate E&W report **does not reflect** the Administration’s DOE reorganization announced last week (see AnnDyl’s 11.20.25 note for more information). Proposed funding for WAP and SEP remain listed under the Office of State and Community Energy Programs (SCEP), which continues to fall under EERE – as it did within funding bills during the Biden Administration. Neither the FY26 Senate E&W bill nor the report reference the newly created DOE Office of Critical Minerals and Energy Innovation (CMEI).

Below is a comparison chart of previous funding and President Trump’s FY26 budget request for our key programs:

Office/Program	FY24 Enacted	FY25 Enacted**	President’s FY26 Request	House FY26 Proposed	Senate FY26 Proposed
Department of Energy	\$50.24B	<i>\$50.24B</i>	\$46.32B	\$48.77B	\$49.574B
Office of Energy Efficiency and Renewable Energy (EERE)	\$3.46B	<i>\$3.46B</i>	\$888M	\$1.85B	\$3.29B
Office of State and Community Energy Programs (SCEP)	\$493M*	<i>\$454.09M</i>	\$0	\$272M*	\$465M*
Building Technologies Office (BTO)	\$332M	<i>\$147.62M</i>	\$20M	\$100M	\$315M
Residential Buildings Integration (RBI)	\$60M	<i>Not included in FY25 appropriations detail</i>	\$3M	<i>Not included in FY26 bill report</i>	\$77M
Weatherization Assistance Program (WAP)	\$366M (\$326M for WAP, \$10M for Training and Technical Assistance, \$30M for Weatherization Readiness Fund)	<i>\$366M (\$326M for WAP, \$10M for Training and Technical Assistance, \$30M for Weatherization Readiness Fund)</i>	\$0	\$195M (\$180M for WAP, \$5M for Training and Technical Assistance, \$10M for Weatherization Readiness Fund)	\$375M (\$335M for WAP, \$10M for Training and Technical Assistance, \$30M for Weatherization Readiness Fund)
State Energy Program (SEP)	\$66M	<i>\$66M</i>	\$0	\$55M	\$75M

*In FY24, SCEP received \$471M with an additional \$22M in program direction; in FY26, the House proposal would fund SCEP at \$250M with an additional \$22 million in program direction, and the Senate proposal would fund SCEP at \$450 million with an additional \$15 million in program direction.

******These figures come from DOE’s FY25 appropriations detail, which shifted funding around within EERE and did not follow the FY24 Energy & Water Joint Explanatory Statement.

Next Steps: The full Senate Appropriations Committee has yet to schedule a markup to the E&W bill. Amendments could be offered during the full committee markup when it does take place; we will report back if any relevant amendments are adopted. Though Vice Chair Murray called the Senate E&W a “partisan” bill in her statement, she did note that “passing a full-year Energy and Water Development bill is critical in preventing President Trump and [OMB Director Russell] Vought from having the power to unilaterally decide where taxpayer dollars go, and I am committed to reaching bipartisan agreement with my colleagues on this bill and the remainder of our funding bills—and to getting them signed into law.”

Top House and Senate members will need to negotiate the budget deal with topline agreements ahead of the Jan. 30 continuing resolution deadline. If leaders cannot come to an agreement, Congress will need to pass another continuing resolution to avoid a government shutdown. House full Appropriations Committee Chair Tom Cole (R-OK) told reporters earlier this week that if Congress is unable to pass appropriations legislation in advance of the continuing resolution expiration, that appropriators should pass a full year continuing resolution for FY26 so that appropriators can begin focusing on FY27 – likely in the hopes of avoiding another government shutdown.

Key Programs

Office of State and Community Energy Programs (SCEP) within DOE

- ⌘ As noted, the Senate report proposes to include the Office of State and Community Energy Programs (SCEP) under the Office of Energy Efficiency and Renewable Energy (EERE) and provide **\$465M** for SCEP in total (including \$15M for program direction), nearly \$200M above the FY26 House E&W proposed funding levels.
- ⌘ The Senate report includes the following report language for SCEP activities:
 - “The Committee encourages the Department to work with all relevant stakeholders to identify efficiencies for delivering weatherization services and to examine options to streamline policies and procedures when other funding sources are used in combination with funds from the Department. The Committee recognizes the importance of providing Federal funds to States and tribes in a timely manner to avoid any undue delay of services and to encourage local high-impact energy efficiency and renewable energy initiatives and energy emergency preparedness. **Therefore, the Department is directed to obligate funds recommended for the Weatherization Assistance Program [WAP] to States, tribes, and other direct grantees not later than 60 days after enactment of this act.** The Committee encourages the WAP and the Residential Buildings Integration Program to develop a unified approach to residential workforce training and standardized residential energy efficiency upgrade packages.” ([p.83](#))

Energy Efficiency and Renewable Energy (EERE) within DOE

- The Senate report includes the following report language for EERE programs, office-wide:
 - Execution of Funds and Programs: “The Office of Energy Efficiency and Renewable Energy is directed to provide to the Committee not later than 90 days after enactment of this act, and quarterly thereafter, briefings on the status and execution of these funds and programs.” ([p. 71](#))

Building Technologies Office (BTO) within DOE EERE

- The Senate report includes the following report language for BTO programs:
 - R&D: “Within available funds, the Committee recommends funding for heating, ventilation, and air conditioning and refrigeration research, development and deployment, including heat pumps, heat pump water heaters, and boilers.” ([p. 81](#))
 - Standards & Codes: “The Committee recommendation includes \$75,000,000 for Equipment and Buildings Standards. The Committee also recommends not less than \$15,000,000 for the Building Energy Codes Program. The Department is encouraged to complete the current reviews of appliance and equipment efficiency standards and prepare for the next cycle to meet required statutory deadlines.” ([p.82](#))
 - Insulation Effectiveness R&D: “The Committee is aware of advancements in spray foam technologies that could dramatically improve the efficiency of, and lower the costs for, air temperature control systems in buildings. The Committee recommendation provides no less than \$2,000,000 for university-led research to improve, test, and demonstrate the reliability, efficiency, and efficacy of spray foam products and installation as building envelope sealing technologies. The Committee recognizes this technology could result in energy cost savings compared to traditional approaches used in residential and commercial construction for air, vapor, and thermal barriers.” ([p.82](#))
 - RBI: “The Committee recommends \$77,000,000 for the Residential Building Integration program, including \$5,000,000 for grid-interactive efficient buildings. This work can include partnerships with cities, States, affordable housing entities, utilities, manufacturers, and others to spur innovative approaches and drive investment in energy upgrades of our nation’s homes. These efforts also can include advancing work in grid-integrated efficient buildings and inclusion of smart grid systems, demand flexibility, and new initiatives in workforce training to ensure the technology and research findings reach practitioners.” ([p.82](#))
 - RBI R&D: “The Committee encourages funding for research, demonstration, and field testing of new technology as well as focusing on facilitating widespread deployment and dissemination of information and best practices through direct engagement with builders, the construction trades, equipment manufacturers, smart grid technology and

systems suppliers, integrators, State and local governments, and other market transformation activities.” ([p.82](#))

- Grid-Integrated Building Systems Research: “The Committee recommends up to \$5,000,000 for real-time comparative studies of grid-integrated building systems under live outdoor weather conditions. The Committee supports the study of thermal and electric storage, secure communications, behind-the-meter and grid-edge distributed energy resource integration and control, whole-building and system-level efficiency, and envelope and heat pump solutions.” ([p.82](#))
- ✚ The Senate report does not include any directional language for BTO regarding workforce development – though the report does include language encouraging WAP and RBI to develop a unified approach to workforce training, as noted above.

Other Notable Directional Language

- The Senate bill and report also include directional language for the Department of Energy.
 - For **bill language**: if bill language is included in a final enacted package, it will become law.
 - For **report language**: if the language is not contradicted by a Joint Explanatory Statement, it will stand as an indication of Congressional intent.
- **Bill Language**
 - **Directional language limiting DOE deobligations and cancellations without notifying Congress**: “Unless the Secretary of Energy notifies the Committees on Appropriations of both Houses of Congress at least 3 full business days in advance, none of the funds made available in this title may be used to...deobligate funds from an allocation, award, Agreement...[or] cancel a previously-announced allocation, award, Agreement.” (bill text, [p.59](#)).
 - **Directional language limiting DOE from eliminating programs or offices without notifying Congress**: “Unless the Secretary of Energy notifies the Committees on Appropriations of both Houses of Congress at least 30 full business days in advance, none of the funds made available in this title may be used to: (A) create new programs; (B) suspend or eliminate a program, project, or activity; (C) create, close, reorganize, downsize, or rename programs or offices.” (bill text, [p.60](#))
 - **Indirect Cost Rates**: In making Federal financial assistance, the Department of Energy shall continue to apply the indirect cost rate to the same extent and in the same manner as was applied in fiscal year 2024: Provided, None of the funds appropriated in this or prior Acts or otherwise made available to the Department of Energy may be used to develop, modify, or implement changes to such negotiated indirect cost rates.” (bill text, [p.73](#))

- *Note: earlier this year, DOE issued a “[Policy Flash](#)” limiting the indirect cost and fringe benefit reimbursement limit for states, nonprofits, and for-profit organizations in financial assistance awards. A U.S. District Court enjoined DOE from implementing the order on November 10, 2025.*
- **Report Language**
 - **Estimation of Awards Dependent on Future Appropriations:** *“Mortgaging Future-Year Awards.—The Committee remains concerned about the Department’s practice of making awards dependent on funding from future years’ appropriations. The fiscal year 2024 act directed the Department to provide a briefing on how it can better track and provide information about the accounting of future-year awards by control point. The Committee is still awaiting this briefing and directs the Department to provide it no later than 60 days after enactment of this act.” (p. 67)*