



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 31, 2017

H.R. 1967

Bureau of Reclamation Pumped Storage Hydropower Development Act

As ordered reported by the House Committee on Natural Resources on April 27, 2017

Under current law, nonfederal entities that propose to develop facilities for pumped storage hydropower at reservoirs administered by the Bureau of Reclamation (BOR) must enter into a lease contract with the bureau; at some reservoirs those entities need to obtain a license from the Federal Energy Regulatory Commission (FERC). (Pumped storage hydropower is a type of storage for hydroelectric energy used by electric power systems for load balancing.) H.R. 1967 would make the BOR the sole regulatory authority for pumped storage developers that are currently subject to regulation by both BOR and FERC.

CBO expects that BOR would need to allocate additional staff hours to negotiate lease agreements, but based on an analysis of information from BOR, CBO estimates that those costs would be insignificant and subject to the availability of appropriated funds. In addition, FERC recovers 100 percent of its costs, which are controlled by annual appropriations through user fees. Thus any reduction in FERC's cost resulting from shifting its licensing responsibilities to BOR would be offset by an equal change in fees, resulting in no net change in discretionary spending.

Enacting the bill would not affect direct spending or revenues, therefore pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 1967 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1967 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would benefit public entities that develop storage projects at BOR facilities. Any costs incurred by those entities under agreements with the federal government would result from participating in a voluntary federal program.

The CBO staff contacts for this estimate are Aurora Swanson (for federal costs) and Jon Sperl (for intergovernmental mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.