Congressional Budget Office
Cost Estimate

October 28, 2019

S. 1751, Bureau of Reclamation Pumped Storage Hydropower Development Act

As reported by the Senate Committee on Energy and Natural Resources on October 23, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	0	0	0

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between -$500,000 and $500,000.

Under current law, nonfederal entities that propose to develop hydropower at reservoirs administered by the Bureau of Reclamation (BOR) must enter into a lease with BOR or obtain a license from the Federal Energy Regulatory Commission (FERC). The regulatory jurisdiction of each BOR reservoir was previously negotiated by the agencies to clarify which permitting process would be in effect for each reservoir.

At least one project, a proposal to develop pumped storage hydropower within BOR's Colombia Basin Project (CBP) in the state of Washington, would need to seek permits from both agencies because it would be constructed on two reservoirs; Banks Lake would require a BOR lease and Lake Roosevelt reservoir would require a FERC license. (Pumped storage hydropower is a type of storage for hydroelectric energy used by electric power systems for load balancing.) S. 1751 would make BOR the sole regulatory authority for developers seeking a lease for a pumped storage hydropower facility at federal reservoirs.

The bill also would require a nonfederal developer to negotiate an agreement with the Confederated Tribes of the Colville Reservation and the Spokane Tribe of Indians of the Spokane Reservation as a condition for a BOR lease on CBP facilities. The agreement would establish the terms for interactions between the developer and tribes including studies to analyze the potential adverse effects of the project on annual payments due to the tribes

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

under their respective settlements; on hunting, fishing, and boating rights of the Tribes; and on the environment. The bulk of the costs for those studies would be incurred by the developer and any costs incurred by BOR would be paid to BOR by the developer in advance.

Enacting S. 1751 would increase offsetting receipts (which are recorded as reductions in direct spending) from payments the project developer would make to BOR for additional staff hours to negotiate lease agreements and to facilitate development of the planned studies and agreement between the developer and the tribes. Using information from BOR, CBO estimates that those offsetting receipts would total less than $500,000 over the 2020-2029 period. However, because BOR would spend those amounts over the same period, the net effect on direct spending would be negligible.

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.

The CBO staff contact for this estimate is Aurora Swanson. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.