Congressional Budget Office
Cost Estimate

October 30, 2019

At a Glance

H.R. 2665, Smart Energy and Water Efficiency Act of 2019

As ordered reported by the House Committee on Energy and Commerce on July 17, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	2	19	20
Revenues	0	0	0
Increase in the Deficit	2	19	20
Spending Subject to Appropriation (Outlays)	0	0	not estimated

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

The bill would require the Department of Energy to

- Establish a smart energy and water efficiency program
- Award grants for projects that implement technology-based solutions to make water systems more efficient
- Annually evaluate the projects funded under the grant program

Estimated budgetary effects would primarily stem from

- The costs associated with providing grants
- Using previously appropriated but unobligated amounts to finance the grant program

Areas of significant uncertainty include

- The number and size of awards that would be made under the program

Detailed estimate begins on the next page.

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.

Bill Summary

H.R. 2665 would require the Department of Energy (DOE) to:

- Establish and carry out a smart energy and water efficiency program;
- Award three to five competitive grants to eligible entities for implementing technology-based solutions to improve the efficiency of water supply, wastewater, or water reuse systems;
- Provide technical assistance to the grant recipients if necessary; and
- Annually evaluate each grant-funded project and report those evaluations to the Congress.

Eligible projects would be those that help entities conserve water or reduce the operating costs of water systems, improve predictive maintenance of water systems, or support the implementation of systems that provide real-time data on energy or water use. The bill specifies that DOE should spend at least $15 million on the program; DOE would be authorized to use unobligated amounts otherwise available to DOE to finance the program.

Estimated Federal Cost

The estimated budgetary effect of H.R. 2665 is shown in Table 1. The costs of the legislation would fall within budget function 270 (energy).

Table 1.
Estimated Budgetary Effects of H.R. 2665

	By Fiscal Year, Millions of Dollars											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
	Increases in Direct Spending											
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	2	4	6	5	2	1	0	0	0	0	19	20

Basis of Estimate

For this estimate, CBO assumes that H.R. 2665 will be enacted in the first half of fiscal year 2020 and that projects will be selected at the end of that year.

CBO expects that:

- DOE would award four grants under the program,
- Grant recipients would complete their projects within five years of acceptance, and
- DOE would use previously appropriated but unobligated budget authority to finance the program.

Estimated outlays are based on historical spending patterns for similar programs.

Direct Spending
CBO estimates that enacting H.R. 2665 would increase direct spending by $20 million over the 2020-2029 period. That spending would cover four grants of $5 million each, which is roughly the cost of similar projects. CBO expects that the costs associated with project evaluation and reporting would not be significant in any year and over the 2020-2029 period. H.R. 2665 would increase direct spending because the bill would authorize DOE to use previously appropriated but unobligated amounts to carry out the bill's requirements. At the end of fiscal year 2019, DOE's unobligated balance totaled more than $7 billion. CBO expects that a portion of that amount would not otherwise be spent over the next 10 years, so using those funds for the purposes in the bill would increase spending.

Uncertainty
The largest area of uncertainty associated with H.R. 2665 is the overall size of the proposed grant program. If DOE selects projects that are more expensive than those funded under similar programs or if there are limited or no cost sharing requirements for grant recipients, H.R. 2665 would increase direct spending by more than what CBO estimates. However, if DOE capped program costs at $15 million, which is the minimum funding requirement under the bill, costs would be lower. Finally, if DOE used future appropriations instead of those from previous fiscal years, H.R. 2665 would have a smaller effect on direct spending and a larger effect on spending subject to appropriation.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net change in outlays that are subject to those pay-as-you-go procedures are shown in Table 2.

Table 2.
CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 2665, the Smart Energy and Water Efficiency Act of 2019, as ordered reported by the House Committee on Energy and Commerce on July 17, 2019

	By Fiscal Year, Millions of Dollars											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
	Net Increase in the Deficit											
Pay-As-You-Go Effect	2	4	6	5	2	1	0	0	0	0	19	20

Increase in Long-Term Deficits: None.

Mandates: None.

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