

H.R. 2641, Pacific Northwest Pumped Storage Hydropower Development Act of 2021

As ordered reported by the House Committee on Natural Resources on May 26, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	*	not estimated
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 2032?	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 Columbia Basin Project (CBP) in the state of Washington, would need 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.) H.R. 2641 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 the 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



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 project developer while the rest would be incurred by BOR; however, most of those costs to the agency would ultimately be paid by the developer under the terms of a cost recovery agreement between BOR and the developer.

CBO estimates that enacting H.R. 2641 would increase offsetting receipts (which are recorded as reductions in direct spending) from payments the project developer would make to BOR in advance for the costs of 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 about \$1 million over the 2021-2031 period. However, because BOR is authorized to spend amounts collected without further appropriations action, CBO estimates that the net effect on direct spending would be negligible over that period.

Some costs incurred by BOR to litigate appeals related to the agreement may not be recoverable from the project developer and instead would be covered by the agency's regular appropriation. CBO estimates that those costs would total less than \$500,000 over the 2021-2026 period; such spending would be subject to the availability of appropriated funds.

Lastly, FERC recovers 100 percent of its costs, which are controlled by annual appropriations, through user fees. Thus, any reduction in FERC's costs resulting from shifting its licensing responsibilities to BOR would be offset by an equivalent 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 Director of Budget Analysis.