



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 7, 2014

H.R. 1963
Bureau of Reclamation Conduit Hydropower Development
Equity and Jobs Act

*As ordered reported by the Senate Committee on Energy and Natural Resources
on June 18, 2014*

H.R. 1963 would authorize the Bureau of Reclamation to enter into leases with nonfederal entities to develop hydropower at 11 water project facilities owned by the government. Based on information from the bureau, CBO estimates that enacting the bill would affect direct spending; therefore, pay-as-you-go procedures apply. However, we estimate such effects would not be significant. Enacting the legislation would not affect revenues or discretionary spending.

In 2011, the bureau completed an assessment of the 11 facilities and found that seven of the locations have potential for hydropower development. Under current law, the bureau is authorized to develop hydropower production at those seven facilities if production facilities are federally financed and owned; however, it has no plans to do so. Under the bill, the bureau would be authorized to work with nonfederal entities to develop hydropower through lease agreements at the 11 facilities specified in the legislation. Under such agreements, which we expect the bureau would take advantage of, nonfederal entities would finance the necessary hydropower improvements and own the electricity derived from those improvements in exchange for a lease payment to the federal government.

Any such lease payments would first be applied to the small outstanding construction balances at some facilities where they are collected and then would be available to be spent without further appropriation on rehabilitation work at the facility. As a result, CBO estimates the net effects from such lease payments would not be significant.

H.R. 1963 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. Public entities, such as irrigation districts and water use associations, would benefit from federal hydropower leasing contracts. Any costs to those entities would be incurred voluntarily as a condition of receiving federal assistance.

On September 11, 2013, CBO transmitted a cost estimate for H.R. 1963, the Bureau of Reclamation Conduit Hydropower Development Equity and Jobs Act, as ordered reported by the House Committee on Natural Resources on July 31, 2013. On July 3, 2014, CBO transmitted a cost estimate for S. 2010, the Bureau of Reclamation Conduit Hydropower Development Equity and Jobs Act, as ordered reported by the Senate Committee on Energy and Natural Resource on June 18, 2014. All three pieces of legislation are similar and CBO's estimated costs are the same.

The CBO staff contact for this estimate is Aurora Swanson. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.