



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 27, 2012

H.R. 5892 **Hydropower Regulatory Efficiency Act of 2012**

*As ordered reported by the House Committee on Energy and Commerce
on June 20, 2012*

Under the Federal Power Act, the Federal Energy Regulatory Commission (FERC) issues licenses and regulates hydroelectric facilities, regardless of size. H.R. 5892 would amend current law to allow FERC to extend certain permits related to hydroelectric facilities and exempt small hydroelectric facilities with generating capacity of 10 megawatts or less from FERC's licensing requirements. In addition, the bill would direct the Secretary of Energy to study the feasibility of generating hydroelectric power using water flowing through conduits or at facilities that store water. Finally, the bill would authorize FERC to carry out pilot projects to demonstrate the potential of generating hydroelectric power at nonpowered dams and water storage facilities.

Based on information from FERC and the Department of Energy (DOE), CBO estimates that implementing H.R. 5892 would have no significant impact on the federal budget. CBO anticipates that the proposed changes to FERC's permitting and licensing requirements would reduce the commission's workload. We also estimate that FERC would spend about \$1 million on pilot projects authorized under the bill, assuming appropriation of necessary amounts. However, because FERC recovers 100 percent of its costs through user fees, any change in the agency's costs (which are controlled through annual appropriation acts) would be offset by an equal change in fees that the commission charges, resulting in no net change in federal spending. Finally, CBO estimates that any increased costs to DOE to prepare the study required under H.R. 5892 would be negligible. Enacting H.R. 5892 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 5892 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

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