



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 6, 2011

Energy and Water Integration Act of 2011

*As ordered reported by the Senate Committee on Energy and Natural Resources
on May 26, 2011*

SUMMARY

This legislation would authorize federal agencies to undertake a variety of activities aimed at analyzing the impacts of developing and producing energy on the nation's water resources. CBO estimates that fully funding the legislation would cost \$136 million over the 2012-2016 period, assuming appropriation of necessary amounts. The legislation would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

The legislation would impose an intergovernmental and private-sector mandate, as defined in the Unfunded Mandates Reform Act (UMRA), because it would require public and private entities to submit information to the Energy Information Administration (EIA) about the amount of energy used to procure, treat, or deliver water. Based on information from the EIA, CBO estimates that the cost of complying with the mandate would fall well below the annual thresholds established in UMRA (\$71 million for intergovernmental mandates and \$142 million for private-sector mandates, in 2011, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of this legislation is shown in the following table. The costs of this legislation fall within budget functions 270 (energy) and 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					2012-2016
	2012	2013	2014	2015	2016	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	37	34	33	33	33	170
Estimated Outlays	16	26	28	33	33	136

BASIS OF ESTIMATE

The legislation would authorize federal agencies to undertake a variety of activities aimed at analyzing and mitigating the impact of energy development and production on water resources as well as promoting water conservation. Under the legislation, those activities would be carried out primarily by the Department of Energy (DOE) and the Department of the Interior (DOI). Based on information from those departments about levels of spending for existing and similar activities, CBO estimates that fully funding the legislation would require appropriations totaling \$170 million over the 2012-2016 period. That amount includes:

- \$100 million for DOE to provide competitive grants to state, local, and tribal governments to support commercial, residential, and mixed-use development projects involving technologies to reduce consumption and conserve energy and water resources;
- \$45 million for DOI to evaluate energy-saving opportunities at federal reclamation projects and perform a variety of activities related to water desalination;
- \$15 million for DOE to provide grants and technical assistance to utilities that treat rural drinking water and wastewater to help them improve energy efficiency, conserve water, and develop alternative and renewable energy supplies; and
- \$10 million for various other studies, reports, and analyses.

Assuming appropriation of amounts estimated to be necessary, CBO estimates that spending would total \$16 million in 2012 and \$136 million over the 2012-2016 period. For this estimate, CBO assumes that the legislation will be enacted by the end of fiscal year 2011 and that spending will occur at historical rates for similar activities.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The legislation would impose an intergovernmental and private-sector mandate, as defined in UMRA, because it would require public and private entities to submit information to the EIA about the amount of energy used to procure, treat, or deliver water. Based on information from the EIA, CBO estimates that the cost of complying with the mandate would fall well below the annual thresholds established in UMRA (\$71 million for intergovernmental mandates and \$142 million for private-sector mandates, in 2011, adjusted annually for inflation.)

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