



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 16, 2011

H.R. 2842 **Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act of 2011**

As ordered reported by the House Committee on Natural Resources on October 5, 2011

SUMMARY

CBO estimates that enacting H.R. 2842 would increase offsetting receipts to the government by \$5 million over the 2012-2021 period by authorizing the Bureau of Reclamation to permit all nonfederal development of hydropower at facilities owned by the bureau. Pay-as-you-go procedures apply to this legislation because it would increase offsetting receipts (a credit against direct spending). Enacting the bill would not affect revenues.

H.R. 2842 would authorize the Bureau of Reclamation to permit private entities to develop small hydropower units on all irrigation canals and conduits under the agency's jurisdiction. Under current law, the bureau or the Federal Energy Regulatory Commission (FERC) has jurisdiction over hydropower development at such facilities. H.R. 2842 would clarify that the jurisdiction for small hydropower development on all bureau irrigation canals and conduits lies solely with the bureau. CBO expects that the change would increase agency receipts from hydropower development because the federal government collects no funds from project developers if a project is authorized by FERC. CBO estimates that additional annual lease payments to the bureau would reach almost \$1 million by 2018 and increase to \$2 million by 2021.

H.R. 2842 contains no intergovernmental or private-sector mandates as defined in Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2842 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars											2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2016	2021	
CHANGES IN DIRECT SPENDING													
Estimated Budget Authority	0	0	0	0	*	*	-1	-1	-1	-2	0	-5	
Estimated Outlays	0	0	0	0	*	*	-1	-1	-1	-2	0	-5	

Note: * = between -\$500,000 and zero

BASIS OF ESTIMATE

For this estimate we assume H.R. 2842 will be enacted before the end of calendar year 2011. Based on information from the Bureau of Reclamation, CBO estimates that enacting the bill would result in additional collections to the federal government under the bureau's authority to share in the receipts from electricity sales that are generated at certain water projects that the agency controls. (FERC has no such authority to share receipts from projects it authorized.)

Typically the bureau's agreements with developers of hydropower facilities on small conduits generate annual receipts to the federal government ranging from \$15,000 to a few hundred thousand dollars depending on the capacity of the facility. Selecting the lessee, negotiating the leasing contract, and constructing new facilities takes anywhere from three to five years depending on the size of the project. Under the legislation, CBO expects that the federal government would receive some additional receipts beginning four years after enactment. We estimate that new facilities would begin to pay lease fees to the federal government beginning in 2016 and reach about \$2 million by the end of 2021.

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. H.R. 2842 would increase offsetting receipts (a credit against direct spending) beginning in 2016 (receipts in 2016 and 2017 would not be significant). The budgetary changes that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 2842 as ordered reported by the House Committee on Natural Resources on October 5, 2011

	By Fiscal Year, in Millions of Dollars											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
NET INCREASE OR DECREASE (-) IN THE DEFICIT												
Statutory Pay-As-You-Go Impact	0	0	0	0	0	0	-1	-1	-1	-2	0	-5

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2842 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Aurora Swanson
 Impact on State, Local, and Tribal Governments: Melissa Merrell
 Impact on the Private Sector: Amy Petz

ESTIMATE APPROVED BY:

Theresa Gullo
 Deputy Assistant Director for Budget Analysis