



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 14, 2013

S. 545
Hydropower Regulatory Efficiency Act of 2013

*As ordered reported by the Senate Committee on Energy and Natural Resources
on May 8, 2013*

Under the Federal Power Act, the Federal Energy Regulatory Commission (FERC) issues licenses and regulates hydroelectric facilities, regardless of size. S. 545 would amend current law to allow FERC to extend certain permits related to hydroelectric facilities and exempt small hydroelectric facilities with a 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 S. 545 would have no significant net 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 the 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 that would be required under S. 545 would be negligible because the proposed study is similar to ongoing efforts to analyze the potential for developing hydropower resources. Enacting S. 545 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 545 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.

CBO has issued two cost estimates for legislation that are similar to S. 545. On January 13, 2013, CBO transmitted a cost estimate for H.R. 267, the Hydropower Regulatory

Efficiency Act of 2013, as ordered reported by the House Committee on Energy and Commerce on January 22, 2013. On May 14, 2013, CBO transmitted a cost estimate for H.R. 267 as ordered reported by the Senate Committee on Energy and Natural Resources. All three pieces of legislation are similar, and our cost estimates are the same.

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