



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 13, 2018

H.R. 2786

An act to amend the Federal Power Act with respect to the criteria and process to qualify as a qualifying conduit hydropower facility

*As ordered reported by the Senate Committee on Energy and Natural Resources
on May 17, 2018*

Under the Federal Power Act, the Federal Energy Regulatory Commission (FERC) licenses and regulates most nonfederal hydroelectric facilities. Under current law, hydroelectric projects with a capacity of less than 5 megawatts that generate power using water flowing through agricultural, municipal, or industrial conduits are exempt from FERC's licensing requirements. H.R. 2786 would expand that exemption to include facilities with capacities of up to 40 megawatts and would modify procedures for determining whether proposed facilities qualify for that exemption.

CBO estimates that implementing H.R. 2786 would have no significant net effect on the federal budget. Expanding the size of projects that would be exempt from FERC's licensing requirements could reduce the agency's workload and costs to review and approve applications for licenses. However, because FERC recovers 100 percent of its costs through user fees, any change in that 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.

Enacting H.R. 2786 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 2786 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 2786 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

On July 18, 2017, CBO transmitted a cost estimate for H.R. 2786 as reported by the House Committee on Energy and Commerce on July 12, 2017. Although the two versions of the legislation differ with regard to the capacity of projects that would be exempt from licensing requirements, neither would have a significant net effect on the federal budget. Thus, the estimated costs are the same for both pieces of legislation.

The CBO staff contact for this estimate is Megan Carroll. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.