



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 12, 2017

H.R. 2880 **Promoting Closed-Loop Pumped Storage Hydropower Act**

*As reported by the House Committee on Energy and Commerce
on December 11, 2017*

H.R. 2880 would direct the Federal Energy Regulatory Commission (FERC), within 180 days of enactment, to establish an expedited process for issuing permits and licenses for closed-loop pumped storage projects, which move water between two reservoirs without being continuously connected to a naturally flowing water feature. In developing those procedures, the bill would require FERC to consult with other federal and local agencies involved in regulating projects that would qualify for expedited permitting and licensing on the basis of criteria specified by the bill. H.R. 2880 also would require FERC to collect fees from applicants for licenses for closed-loop storage projects to reimburse costs incurred by state and federal fish and wildlife agencies responsible for reviewing such projects. Subject to authority provided in annual appropriation acts, such fees would be available to those agencies to carry out required regulatory activities.

CBO estimates that enacting H.R. 2880 would not significantly affect the federal budget. Any new fees collected to reimburse fish and wildlife agencies' costs would be recorded as offsetting receipts, which are treated as reductions in direct spending. Using information from FERC about historical spending to review and regulate hydropower projects, however, CBO estimates that any such receipts (and subsequent spending by affected agencies, which would be subject to appropriation) would average less than \$500,000 per year and over the 2018-2027 period.

We also expect that establishing and implementing the proposed expedited regulatory process could increase FERC's annual workload, but CBO estimates that any net changes in annual spending by that agency would be insignificant. Using information from FERC about the historical costs of similar efforts, CBO estimates that any increase in the agency's administrative costs under H.R. 2880 would be relatively small. Further, because FERC recovers 100 percent of its costs through user fees, any change in its administrative costs (which are subject to appropriation) would be offset by an equal change in the fees that the commission charges.

Because enacting H.R. 2880 would affect direct spending, pay-as-you-go procedures apply. H.R. 2880 would not affect revenues.

CBO estimates that enacting H.R. 2880 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2880 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA). The bill would require license applicants for closed-loop storage projects to pay fees to offset the costs of studies and reviews conducted by fish and wildlife agencies. If FERC increases fees to offset the costs of implementing the bill, the cost of an existing mandate on licensees to pay those fees would increase for public and private entities. Using information from FERC about the potential costs of implementing the bill, CBO estimates that any incremental change in fees collected would be small and would fall well below the thresholds established in UMRA for intergovernmental and private-sector mandates (\$78 million and \$156 million, respectively, in 2017).

The CBO staff contacts for this estimate are Megan Carroll (for federal costs) and Jon Sperl (for mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.