



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 21, 2017

H.R. 3043
Hydropower Policy Modernization Act of 2017

*As ordered reported by the House Committee on Energy and Commerce
on June 28, 2017*

The Federal Energy Regulatory Commission (FERC) regulates nonfederal hydropower projects. Under the Federal Power Act the agency reviews and approves licenses to construct and operate such facilities in consultation with a variety of federal, state, and local entities with regulatory responsibilities across a broad range of issues.

H.R. 3043 would specify a variety of timeframes and procedures for FERC and other affected agencies to follow in carrying out regulatory functions related to nonfederal hydropower projects. Based on information from FERC and other affected federal agencies, CBO estimates that implementing the bill would have no significant net effect on the federal budget. The bill would not significantly affect the scope of federal agencies' regulatory responsibilities, though CBO expects that meeting the timeframes specified in the bill might require additional funding, particularly for FERC. However, because FERC recovers 100 percent of its costs through 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. 3043 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 3043 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3043 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA). If FERC increases fees to offset the costs of implementing the bill, the cost of an existing mandate to pay those fees would increase for public and private entities. Based on information from FERC about the potential costs of implementing the bill, CBO estimates that any incremental change in fees collected would be small. The bill would impose another mandate on state, local, and tribal agencies by requiring them to respond to FERC and acknowledge receipt of an invitation to participate in the review of a federal authorization for a hydropower project. Based on information from FERC, CBO estimates that the cost of the notification mandate would be small. In total, CBO estimates that the cost of complying with all mandates in the bill would fall

below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$78 million and \$156 million in 2017, respectively, adjusted annually for inflation).

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