



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 20, 2017

S. 724

**A bill to amend the Federal Power Act to modernize authorizations
for necessary hydropower approvals**

*As ordered reported by the Senate Committee on Energy and Natural Resources
on March 30, 2017*

The Federal Energy Regulatory Commission (FERC) regulates nonfederal hydropower projects. Prior to constructing such a project, a sponsor must obtain a license from FERC; once issued, licensees must commence construction within a specific period of time. Before applying for a license to commence construction, a potential licensee has the option to seek a preliminary permit for a particular site, which guarantees that a license application subsequently filed by the permittee will be considered before any other applications for licenses to construct projects on that site.

S. 724 would extend, from 4 to 10 years, the maximum length of time by which licensees would have to commence construction of a hydropower project under a FERC license. The bill also would extend, from five to eight years, the maximum length of time covered by a preliminary permit.

CBO estimates that enacting S. 724 would have no significant effect on the federal budget. Lengthening the timeframes of licenses and permits could affect FERC's annual costs to review and approve applications related to hydropower projects. Because FERC recovers 100 percent of its costs through user fees, however, 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 S. 724 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 724 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 724 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.

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