CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 13, 2018

H.R. 5556
Environmental Compliance Cost Transparency Act of 2018

As ordered reported by the House Committee on Natural Resources on July 18, 2018

SUMMARY

Four federal power marketing administrations (PMAs) within the Department of Energy (DOE)—the Bonneville Power Administration (BPA), Southeastern Power Administration (SEPA), Southwestern Power Administration (SWPA), and Western Area Power Administration (WAPA)—sell electricity produced at federal hydroelectric and other power facilities to wholesale customers in western and southeastern states. H.R. 5556 would direct those PMAs to provide customers with certain information each month.

CBO estimates that implementing the bill would cost $10 million over the 2019-2023 bill period, assuming appropriation of the necessary amounts.

Enacting H.R. 5556 would increase direct spending by BPA; therefore, pay-as-you go procedures apply. However, CBO estimates that the net effect on direct spending would be negligible. The bill would not affect revenues.

CBO estimates that enacting H.R. 5556 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5556 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 5556 is shown in the following table. The costs of the legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars						
	2018	2019	2020	2021	2022	2023	2019-2023
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	4	3	1	1	1	10
Estimated Outlays	0	2	5	1	1	1	10

BASIS OF ESTIMATE

H.R. 5556 would direct four PMAs to revise their monthly billing statements to include estimates of each customer's share of the direct and indirect costs of complying with federal laws regarding fish and wildlife conservation, as well as information about other factors that affect power costs. Other federal agencies would be directed to assist those PMAs in developing those estimates and in preparing annual reports to the Congress.

The operations of three PMAs—WAPA, SWPA, and SEPA—are financed by annual appropriation acts. By contrast, BPA's expenditures affect direct spending because they are not subject to appropriation.[1] All four agencies are required by law to set electricity prices sufficient to recover most costs over the useful life of their assets or activities.

Using information from the affected agencies, CBO estimates that implementing the bill would cost about $10 million over the 2019-2023 period, assuming appropriation of the necessary amounts. Including costs for the Bureau of Reclamation and Corps of Engineers, CBO estimates that the workload in the first two years of the program would be equivalent to about 22 full-time employees, at an average cost of about $160,000 per person. Most of those costs would be incurred by WAPA, which would need to conduct various studies and develop software to provide its customers with data specific to each of the 13 separate regions it uses for setting rates. The costs of implementing the bill are projected to be lower for SWPA and SEPA because their hydropower systems and conservation programs are smaller and less geographically diverse than those at WAPA.

1. BPA is authorized to finance its costs by directly spending income received from the sale of electricity and by borrowing funds from the Treasury, subject to statutory limits on the amount of debt that can be outstanding at any time.

PAY-AS-YOU-GO CONSIDERATIONS:

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting the bill would increase direct spending by BPA. However, that increase would not be significant because BPA provides similar information to its customers under current law. Furthermore, CBO expects that any increase in operating costs would be recovered quickly because BPA would subsequently increase the rates it charges customers. Thus, CBO estimates that the net effect on direct spending by BPA would be negligible. H.R. 5556 would not affect revenues.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 5556 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 5556 contains no intergovernmental or private-sector mandates as defined in UMRA.

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