

CBO Cost Estimate for an Amendment to S. 2657, the American Energy Innovation Act of 2020, as Posted on the Website of the Senate Committee on Energy and Natural Resources on February 27, 2020

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
Increases or Decreases (-) in Direct Spending^a													
Subtitle A: Federal Agency Energy Efficiency^b													
Estimated Budget Authority	0	124	247	247	247	247	247	99	99	87	87	1,112	1,731
Estimated Outlays	0	37	124	210	247	247	247	203	143	95	91	865	1,644
Subtitle E: Nuclear													
Estimated Budget Authority	0	0	0	0	0	0	175	175	175	0	0	0	525
Estimated Outlays	0	0	0	0	0	0	10	60	110	140	120	0	440
Subtitle H: Strategic Petroleum Reserve													
Estimated Budget Authority	0	0	0	0	0	0	2,300	2,390	320	-2,540	-2,930	0	-460
Estimated Outlays	0	0	0	0	0	0	2,300	2,390	320	-2,540	-2,930	0	-460
Total Changes													
Estimated Budget Authority	0	124	247	247	247	247	2,722	2,664	594	-2,453	-2,843	1,112	1,796
Estimated Outlays	0	37	124	210	247	247	2,557	2,653	573	-2,305	-2,719	865	1,624

Memorandum: Estimated Change in Direct Spending Under Alternative Methods Required by the Concurrent Resolution on the Budget for Fiscal Year 2016^c

Subtitle A: Federal Agency Energy Efficiency^d													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtitle E: Nuclear													
Estimated Budget Authority	0	0	0	0	0	0	175	175	175	0	0	0	525
Estimated Outlays	0	0	0	0	0	0	10	60	110	140	120	0	440
Subtitle H: Strategic Petroleum Reserve													
Estimated Budget Authority	0	0	0	0	0	0	2,300	2,390	320	-2,540	-2,930	0	-460
Estimated Outlays	0	0	0	0	0	0	2,300	2,390	320	-2,540	-2,930	0	-460
Total Changes													
Estimated Budget Authority	0	0	0	0	0	0	2,475	2,565	495	-2,540	-2,930	0	65
Estimated Outlays	0	0	0	0	0	0	2,310	2,450	430	-2,400	-2,810	0	-20

Source: Congressional Budget Office.

Estimates are relative to CBO's January 2020 baseline.

The legislation contains numerous provisions that would affect spending subject to appropriation. CBO estimates implementing those provisions would increase such spending by more than \$5 billion over the 2020-2025 period, but CBO has not completed that estimate.

Subtitle A would increase federal agencies' use of third-party financing for energy efficiency measures, such as energy savings performance contracts and utility energy savings contracts.

Subtitle E would direct the Secretary of Energy to enter into agreements with nonfederal partners to implement projects to demonstrate advanced nuclear technologies.

Subtitle H would amend existing law to change the timing of certain sales of oil from the Strategic Petroleum Reserve.

The bill contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by preempting state, local, and tribal laws and by increasing fees paid by public and private entities to the Federal Energy Regulatory Commission. CBO estimates that the cost to comply with the mandates would not exceed the intergovernmental or private-sector thresholds established in UMRA (\$84 million and \$168 million, respectively, in 2020, adjusted annually for inflation).



CBO estimates that enacting the bill would not increase on-budget deficits by more than \$5 billion in any decade after 2030.

- a. CBO's estimate of the budgetary effects of S. 2657 are measured on a cash basis. Section 3207 of the Concurrent Resolution on the Budget for Fiscal Year 2016 directs CBO to also provide estimates of the costs of certain projects that would be authorized under subtitle A using an alternative estimating methodology. The memorandum presents what the estimated cost of S. 2657 would be if subtitle A were measured under the procedures specified in section 3207.
- b. The estimate reflects CBO's method for determining the budgetary effects of cash flows related to energy savings performance contracts. For more information on CBO's rationale for this budgetary treatment, see Congressional Budget Office, *Using ESPCs to Finance Federal Investments in Energy-Efficient Equipment* (February 2015), www.cbo.gov/publication/49869.
- c. Section 3207 of the Concurrent Resolution on the Budget for Fiscal Year 2016 requires CBO to calculate, on a net-present-value basis, the lifetime net cost or savings attributable to projects financed by energy savings performance contracts and to record those amounts as up-front changes in spending subject to appropriation in the year in which the commitments are anticipated. (A present value is a single number that expresses a flow of current and future income, or payments, in terms of an equivalent lump sum received, or paid, at a specific time. The present value depends on the rate of interest, the discount rate, that is used to translate future cash flows into current dollars.)
- d. Changes in costs for this provision would be reflected as a change in spending that is subject to appropriation.

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