Congressional Budget Office
Cost Estimate

March 27, 2024

H.R. 4045, Hydropower Clean Energy Future Act

As ordered reported by the House Committee on Energy and Commerce on December 5, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	2	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2035?	No	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Under Threshold

* = between zero and $500,000.

H.R. 4045 would amend timelines and procedures regarding the licensing of nonfederal hydropower projects. Additionally, the bill would:

- Require federal agencies to procure an increasing amount of their electricity from renewable energy sources in future years, culminating at a minimum of 25 percent in 2028 and beyond;
- Expand the definition of renewable energy to include existing hydropower capacity; and
- Direct agencies to report to the Congress on how they will use hydropower to fulfill the bill's renewable energy requirements.

Under the Federal Power Act, the Federal Energy Regulatory Commission (FERC) reviews licenses to construct and operate nonfederal hydropower facilities in consultation with federal, state, and local entities. The bill would exempt various facilities from licensing requirements, specify timelines for license reviews, clarify FERC's role in coordinating with relevant agencies, establish an interagency task force to coordinate the licensing of next-generation hydropower projects, and require FERC to complete various reports.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Federal Costs

H.R. 4045 would not significantly affect the scope of FERC's regulatory responsibilities with respect to hydropower, though expediting the processes specified in the bill could increase costs. However, any change in FERC's costs (which are controlled through annual appropriation acts) would be offset by an equal change in fees that the commission charges. Accordingly, CBO estimates that implementing the bill would result in no net change in discretionary spending for FERC.

Federal agencies typically procure renewable energy using a combination of discretionary funding and long-term contracts that involve third-party financing; thus, enacting the bill could affect spending subject to appropriation and direct spending. However, Executive Order 14057 requires federal agencies to use 100 percent carbon-free electricity on an annual basis by 2030. Because the requirements under Executive Order 14057 generally are stricter than those under H.R. 4045, CBO does not expect that enacting those renewable energy requirements would affect the federal budget.

Finally, based on the costs of similar activities, CBO estimates that the bill's requirements to create an interagency task force and for all agencies to report on their use of hydropower would cost $2 million over the 2024-2029 period; any spending would be subject to the availability of appropriated funds. Additionally, enacting the bill could affect direct spending by some agencies that are allowed to use fees, receipts from the sale of goods, and other collections to cover operating costs. CBO estimates that any net changes in direct spending by those agencies would be negligible because most of them can adjust amounts collected to reflect changes in operating costs.

Mandates

If FERC increases fees as a result of the bill, it would increase the cost of an existing mandate on public and private entities that are required to pay those fees. CBO estimates that any incremental change in fees collected would fall below the annual thresholds established in the Unfunded Mandates Reform Act for intergovernmental and private-sector mandates ($100 million and $200 million in 2024, respectively, adjusted annually for inflation).

The CBO staff contacts for this estimate are Aaron Krupkin (for federal costs) and Brandon Lever (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

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