



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 6, 2018

H.R. 5175
Pipeline and LNG Facility Cybersecurity Preparedness Act
As ordered reported by the House Committee on Energy and Commerce on May 9, 2018

SUMMARY

H.R. 5175 would direct the Department of Energy (DOE) to undertake a variety of activities aimed at improving the physical security and cybersecurity of pipelines and liquid natural gas (LNG) facilities.

CBO estimates that implementing H.R. 5175 would cost \$86 million over the 2019-2023 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 5175 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5175 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. 5175 is shown in the following table. The costs of the legislation fall primarily within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars						2019-2023
	2018	2019	2020	2021	2022	2023	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Estimated Authorization Level	0	29	28	18	18	18	111
Estimated Outlays	0	7	17	20	22	20	86

BASIS OF ESTIMATE

H.R. 5175 would require DOE, in consultation with other federal agencies, states, representatives of the energy sector, and other stakeholders, to pursue activities related to the physical security and cybersecurity of pipelines and LNG facilities. The bill would direct DOE to perform pilot projects to test and demonstrate security-related technologies. It also would specify DOE's role in coordinating federal, state, and private entities' responses to and recoveries from physical and cyber incidents that affect the energy sector. H.R. 5175 also would authorize DOE to establish safety criteria related to workforce development and provide technical assistance to the energy sector.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 5175 would require appropriations totaling \$111 million over the 2019-2023 period. Using information from DOE about the costs of similar activities, CBO expects DOE would need most of that amount—\$95 million—to develop the physical infrastructure necessary to support pilot projects to test security-related technology under the bill. Based on spending patterns for similar activities, CBO estimates that outlays would total \$70 million over the 2019-2023 period, with the remainder spending after 2013.

CBO also estimates that, under H.R. 5175, DOE's administrative costs would increase by \$16 million—primarily for three or four additional staff needed to meet the agency's expanded role related to the physical security of pipelines and LNG facilities, added costs to establish databases and information-sharing systems, and to provide additional technical assistance to the energy sector. CBO estimates that all of those funds would be spent over the 2019-2023 period.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 5175 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 5175 contains no intergovernmental or private-sector mandates as defined in UMRA.

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