



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 15, 2010

S. 3495 **Promoting Electric Vehicles Act of 2010**

*As ordered reported by the Senate Committee on Energy and Natural Resources
on July 21, 2010*

SUMMARY

S. 3495 would authorize appropriations for activities aimed at promoting the development of plug-in, electric-drive vehicles and related infrastructure. Assuming appropriation of the authorized amounts, CBO estimates that implementing S. 3495 would cost about \$4 billion over the 2011-2015 period. Enacting S. 3495 would not affect direct spending or receipts; therefore, pay-as-you-go procedures do not apply.

S. 3495 would impose an intergovernmental and private-sector mandate, as defined in the Unfunded Mandates Reform Act (UMRA), on state regulatory authorities and electric utilities. CBO estimates that the costs of complying with that mandate would fall well below the annual thresholds established in UMRA for intergovernmental or private-sector mandates (\$70 million and \$141 million in 2010, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 3495 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

| | By Fiscal Year, in Millions of Dollars | | | | | 2011- 2015 |
|---|--|-------|------|------|------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Authorization Level | 3,874 | 100 | 100 | 100 | 100 | 4,274 |
| Estimated Outlays | 732 | 1,188 | 933 | 750 | 427 | 4,030 |

BASIS OF ESTIMATE

S. 3495 would direct the Department of Energy (DOE) to carry out research and development programs and undertake a variety of related efforts to promote the development of plug-in electric vehicles and related infrastructure. For fiscal year 2010, DOE received a total of just over \$100 million for programs to develop batteries and technologies related to electric-drive vehicles. S. 3495 would specifically authorize appropriations totaling nearly \$4.3 billion over the 2011-2015 period to greatly expand existing programs and establish new initiatives. That amount includes:

- \$2 billion to make competitive grants of up to \$250 million each to state, local, or tribal governments to implement plans to develop necessary infrastructure and related systems to support up to 400,000 electric-drive vehicles;
- \$1.5 billion for research and development related to advanced batteries and related technologies;
- \$500 million to provide technical assistance to state and local governments to develop necessary systems and infrastructure to support widespread deployment of plug-in, electric-drive vehicles;
- \$150 million for grants to institutions of higher education and other qualified entities that offer vocational training related to plug-in, electric-drive vehicles and related infrastructure;
- \$50 million to cover the cost of federal loan guarantees to support bulk purchases by certain entities of electric-drive vehicle batteries for nonautomotive use;
- \$25 million to procure plug-in, electric-drive vehicles for federal agencies; and
- \$14 million for other studies, reports, and activities.

Based on historical spending patterns for DOE programs related to research and development of vehicle technologies, CBO estimates that implementing S. 3495 would cost about \$4 billion over the 2011-2015 period, with additional spending (of about \$0.2 billion) occurring in later years. That estimate assumes that S. 3495 will be enacted in 2010 and that appropriations will be provided as specified by the bill.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 3495 would impose an intergovernmental and private-sector mandate, as defined in UMRA, requiring state regulatory authorities and electric utilities to consider developing a standard for electric-vehicle planning. Because those entities would not be required to implement those standards, CBO estimates that the annual costs of the mandate would fall well below the thresholds established in UMRA for intergovernmental and private-sector mandates (\$70 million and \$141 million in 2010, respectively, adjusted annually for inflation).

The bill would authorize grants to state, local, and tribal governments for programs to support the deployment of plug-in electric vehicles. The bill also would authorize grants to institutions of higher education to provide training relating to electric vehicle maintenance. Any costs to those entities would be incurred voluntarily as a condition of federal assistance.

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