

**City of Bend
Environment and Climate Committee
Electrification Policy Working Group
October 28, 2024**

The Electrification Policy Working Group of the Environment and Climate Committee (ECC) was called to order at 11:13 a.m. on Monday, October 28, 2024, in Awbrey Butte Conference Room, 710 NW Wall Street, and online.

- 1. Roll Call:** Andrew Calise and Lauren Fraser attended virtually. Mark Buckley and Neil Baunsgard attended in person.

- 2. Public Comment**

None.

- 3. Electrification Policy Options Analysis: Policies Discussion – Discussion**

Cassie Lacy, City of Bend Senior Management Analyst, presented slides and gave an overview of the meeting agenda.

Slides included:

- Public Comment
- Reminder of working group charge
 - Short-term and long-term actions
 - Recommendation should include other relevant suggestions for the Council to further focus and prioritize the policy work
 - Need to prioritize policy recommendations by November 14th ECC meeting, and take recommendations to Council on December 4th
- Stakeholder interview findings
 - Environmental Advocacy
 - Business & Economic Development
 - Builders
 - Cascade Natural Gas
- Policy options discussion
 - State-level advocacy
 - Education & support programs
 - Incentives
 - Local regulations
 - Fees

Baunsgard asked if the policy recommendations should be in bullet points for the ECC to review or if a full report with findings is required.

Lacy clarified that the recommendations don't need to be in full report form. A letter format would be helpful, but no need for an in-depth report. Justification can be written up to the extent desired.

Lacy opened up the forum for discussion after presenting stakeholder feedback on policy options.

Baunsgard asked if the City had met with any affordable housing developers during the stakeholder meetings, noting that affordable housing builders are already building all-electric homes.

Lacy responded that they did not have a broad robust stakeholder engagement process, only meeting with the Central Oregon Builders Association. They plan to meet with other groups in phase 2.

Buckley mentioned the capital costs versus life cycle costs, especially if market distortions affect homeowners.

Baunsgard emphasized the importance of considering affordability, both locally and state-wide, and considering operational costs. He mentioned that there are already good examples of upfront and operational costs and their impact on homeowners.

Lacy presented the electrification policy options matrix table and led a discussion.

1. State-level advocacy (regulations & electrification support)

Calise asked if Bend would be pursuing these initiatives alone or if there is a cohort within the state advocating for similar initiatives.

Lacy explained that it depends on the legislation. There are various opportunities for advocacy, and depending on the bill, coalitions of cities may jointly advocate. The next step would be to identify other cities to form a coalition with and learn from.

Mary Winters, City of Bend City Attorney, mentioned that they have a lobbyist who presents to the City Council on existing lobbying efforts and when the City should get engaged. If Bend wanted to bring something forward, they would work through the League of Oregon Cities (LOC). They monitor both short and long sessions to see if something is percolating. To initiate this, they would work with LOC.

Buckley inquired about the opportunity costs and the likelihood of return on investment for the City.

Winters shared an example of the local plastic bag ban, which was preempted by a state-level ban, but noted that local efforts can translate to state-wide outcomes.

Lacy emphasized the value of engaging in legislative sessions and being structured about it. She asked if there were any specific areas worth spending time on.

Buckley asked about any legal vulnerabilities or risks associated with these actions.

Michael Selkirk, City of Bend Assistant City Attorney, responded that there is less legal vulnerability if the state takes on the laws.

Buckley questioned the effectiveness of a coalition in passing legislation forward.

Baunsgard highlighted the value of individual cities showing support over LOC and expressed concern about having too specific of an ask. He suggested that recognizing challenges and spaces where state preemption gets in the way and having a statement for Council to agree upon would be beneficial.

Winters noted that Bend has gained notability state-wide for housing and land use work, and being forward-thinking in the environmental world would be beneficial for Central Oregon.

Lacy outlined two levels of resource investment:

- Join and express support for existing initiatives (business as usual)
- Initiate something new (would be a new recommendation)

Baunsgard emphasized the importance of focusing on state legislative sessions and providing updates on key regulatory sessions.

Fraser agreed and suggested monitoring and having clear principles around support for the Climate Protection Program (CPP), evaluating principles on a case-by-case basis. She emphasized the importance of ensuring sufficient resources for monitoring and evaluating.

Selkirk highlighted the high legal risk for taking on city-level actions, noting that cities can't amend state-wide building codes. This approach allows action on building codes without extreme measures.

2. Education and support programs:

Buckley stated that for education to be useful, it must be kept current. He suggested that community groups could help keep the information updated.

Lacy mentioned that they could contract out tasks, such as through the Navigator Program, to avoid using extensive staff time.

Baunsgard noted that sequencing support funding is crucial. He mentioned the City of Palo Alto's direct install program for heat pump water heaters as an example of effective education and outreach.

Fraser emphasized the importance of pairing education with other initiatives, such as incentives. She noted that baseline education has already been provided through CCAP and stressed the need for technical assistance for trades and builders to create a supportive workforce.

Buckley suggested that private investment should be directed in a beneficial way, ensuring that it adds value beyond existing resources.

Baunsgard pointed out that education and outreach should address barriers to adoption and utilize community-based social marketing to encourage behavior change towards electrification.

3. Incentives:

Buckley asked if they should prioritize pursuing state and federal funding opportunities, noting capacity constraints but the potential benefits of non-City funding.

Lacy saw directing incentives to the community as part of the education bucket.

Buckley suggested looking at downscaled funding models and noted the difficulty of being proactive if they need to react to funding opportunities.

Lacy mentioned the potential for being strategic in identifying funding when specific projects are defined.

Fraser proposed doing pilot projects to gather data and pursue larger funding opportunities.

Baunsgard supported including recommendations for developing pilots and seeking funding.

Selkirk noted the importance of clarifying that multiple funding sources are involved.

Buckley discussed the alignment of public and private benefits and the need for behavior change that wouldn't happen otherwise.

Baunsgard mentioned existing building incentives and the potential for City incentives to meet climate goals.

Selkirk pointed out the need for a programmatic basis for incentives and suggested that this could be a phase 2 process.

Buckley stressed the importance of being specific about phase 2.

4. Local regulations:

Buckley asked if they are focusing on NOx because it is easier to regulate than CO₂.

Lacy explained that NOx is the current model based on research from other cities. There are very few examples of cities regulating CO₂, except for New York City. The biggest uncertainty around NOx is the lack of air quality data, as Bend is not an air quality district. However,

regulating NOx has air quality benefits as a way to address natural gas. California has a pathway to do this through air quality districts.

Winters mentioned that they have been watching Ashland, Oregon and cities in California, which regulate in phases for different types of buildings and appliances through a rule-making process. She noted that this model is still being tested and not yet a straightforward implementation pathway. She suggested that it would be better if Bend were a county with public health authority and considered looking at new development only.

Buckley raised the concern that regulating NOx standards might lead to replacements with something worse than NOx. He suggested targeting wildfire impacts on air quality instead.

Selkirk noted that air quality and public health data are at the county level.

Buckley identified indoor air quality actions as the low hanging fruit.

Selkirk stated that the City of Bend hasn't analyzed the impact of regulating one emission source versus another.

Winters pointed out that California air districts only limit outdoor emissions, while county public health would look at indoor air quality.

Buckley preferred options with clear local benefits.

Fraser asked who has authority over these regulations in Oregon.

Selkirk responded that the state and Department of Environmental Quality (DEQ) have authority, and there hasn't been state-level action on this.

Fraser suggested researching these questions in phase 2.

Lacy asked for opinions on creating broader building standards and regulations, given the uncertainty. She was curious about the preference for regulations versus incentives.

Baunsgard expressed a preference to discuss fees over prioritization.

Fraser noted that 60% of commercial buildings fit under current state requirements and suggested exploring local benchmarking further, emphasizing the importance of not losing sight of commercial buildings.

Buckley agreed to discuss regulations but not necessarily at that moment.

5. Fees:

Baunsgard discussed the goal of maximizing public benefit. He suggested that if they are not regulating new gas hookups for new buildings, imposing a fee for new construction that

internalizes lifecycle harm could shift behavior. He emphasized the need to calculate the social cost of carbon.

Buckley asked about the legal ramifications of changing behavior versus generating revenue.

Winters referenced the tree code and noted that fees are now challenged due to a Supreme Court case. She encouraged thinking of fees as a way to mitigate development impacts rather than achieving social and behavioral goals.

Buckley asked if fees could be both behavioral and revenue-neutral.

Winters advised caution, emphasizing the need for a strong justification for fees and their benefits.

Selkirk noted that any additional cost could be subject to unreasonable cost to housing.

Calise suggested imposing analyses, such as lifecycle and greenhouse gas (GHG) analysis, instead of fees, requiring acknowledgment of higher GHG emissions and lifecycle costs if they choose more GHG intensive building.

Selkirk warned that adding hurdles in the development process could be risky and costly, suggesting this as a phase 2 question.

Baunsgard highlighted the challenge of identifying proportionality, nexus, and unreasonable cost and delay, suggesting exploring the social cost of carbon as a prioritization method.

Selkirk mentioned the possibility of drafting off another city's example, noting that the nexus is not hard, but proportionality and unreasonable cost and delay are issues.

Winters explained that state-level housing and environmental laws often conflict.

As a next step, Lacy will send out a survey ahead of the next meeting to rank prioritization based on bucket levels. These survey responses will help frame the prioritization discussion during the next EEC meeting.

4. Adjourned at 1:10pm

Respectfully,
Megan Lee
Environment & Climate Management Analyst

**Accommodation Information for People with Disabilities**

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