

**City of Bend
Environment and Climate Committee
Electrification Policy Working Group
November 4, 2024**

The Electrification Policy Working Group of the Environment and Climate Committee (ECC) was called to order at 9:17 a.m. on Monday, November 4, 2024, in Council Chambers, 710 NW Wall Street, and online.

1. Roll Call: Andrew Calise (online), Lauren Fraser, Mark Buckley, Neil Baunsgard

2. Approve Meeting Minutes from 10/28/24

Postponed to the next meeting.

3. Public Comment

- Mike Reed, Bend resident, spoke in support of action on climate change and requested adding environmental grant writing support to the policy matrix.
- Nora Harren, on behalf of 350Deschutes, urged immediate, decisive action on climate change and recommended mandatory electrification policies to reach climate goals including low NOx standards, using the public right-of-way (ROW) to halt new gas infrastructure, and increasing licensing fees to support a just transition.
- Lena Macomson, Bend resident, urged prioritizing electrified infrastructure and requested mandatory rather than voluntary policies, including low NOx standards, using the public ROW to halt new gas infrastructure, and increasing licensing fees to support a just transition.
- Brennan Breen, on behalf of Deschutes Youth Climate Coalition, spoke in support of urgent action on climate change, including low NOx standards, using the public ROW to halt new gas infrastructure, increasing licensing fees to support a just transition, and committing to a policy eliminate City subsidies on any new fossil fuel projects.
- Kristi Kimball, on behalf of the Energize Bend Coalition, urged ECC to take bold, urgent action, and requested ECC include the elimination of new fossil fuel infrastructure and eliminate any City subsidies on new fossil fuel projects.
- Colin Vogel, Bend resident, spoke in support of electrification and the mandatory phasing out of gas appliances. Vogel recommended adopting low NOx standards, using the public ROW to halt new gas infrastructure, and increasing licensing fees by 10% to support a just transition fund.
- Kristi Mellum, on behalf of Oregon League of Conservation Voters and the Central Oregon Conservation Network Coalition, urged bold, urgent action to reduce fossil fuel use in Bend.
- Robert Jensen, Bend resident, urged the ECC to implement electrification policies that reduce climate change and recommended adopting a low NOx standard for all appliances, limiting new gas infrastructure in the public ROW, increasing licensing fees by 10% and using fees to support transition.

- Marilyn Koenitzer, Bend resident, spoke in support of 350Deschutes' testimony, encouraged mandatory standards for electrification policy, and urged ECC to work with major developers Pahlisch and Hayden Homes to work toward electrification of appliances.

4. Electrification Policy Options Analysis: Policies Discussion - Discussion and Decision: electrification policies recommendation to Council

Presentation by Cassie Lacy, Senior Management Analyst.

Slides included:

- Agenda
- Committee Charge
 - Develop a recommendation to Council regarding which actions to pursue as short-term action items and which to pursue as longer-term action items
 - Short-term action items can be executed in the next biennium and would be proposed as Council Goals
 - Long term action items would be advanced in the next biennium but require additional research and analysis, stakeholder engagement, planning and/or funding sources. Next biennium would involve these next steps but full execution of policy would occur in 2+ years
 - Recommendation should include other relevant suggestions for the Council to further focus and prioritize the policy work, e.g. building types or specific equipment to focus on
 - Important to **prioritize**. All initiatives can't be pursued simultaneously.
- Key Findings – Stakeholder Meetings
 - Pacific Power
 - Acknowledgement that electric system is currently constrained both locally and regionally.
 - Local constraints will be addressed over the next decade with local projects; regional constraints have upgrades planned in about 8-10 years
 - Electricity demand is increasing substantially and this is driven by many different sectors (AI/data centers, EV, heating equipment, larger buildings)
 - Meeting OR Clean Energy Targets is feasible and planned for
 - Volatile regulatory conditions are challenging to deal with
 - Central Electric Cooperative
 - Different considerations and concerns/opportunities for different areas, such as new construction in new neighborhoods vs. in existing neighborhoods
 - Existing neighborhoods can be very constrained, varies neighborhood by neighborhood
 - Costs for line extensions and upgrading transformers are borne by the homeowner

- Acknowledgement that electric system is constrained both locally and regionally
 - All new demand is met with higher-priced electricity, increasing costs for all rate-payers
 - Desire for the City to partner with organizations who are already doing some of this work (CEC, Energy Trust, etc.)
- Environmental Advocacy
 - Emphasis on co-benefits of electrification beyond emissions reductions
 - Emphasis on the risks of inaction should be considered as heavily as other kinds of risks (i.e. legal risk)
 - Suggested setting a voluntary but aspirational electrification goal (e.g. 50% of buildings electrified)
 - Highest priorities are creating low NOx standards, reconsidering right-of-way restrictions, and creating a revenue source
- Electrification Policy Options
 - State-level advocacy: regulation
 - State-level advocacy: electrification support
 - Education & support programs
 - Incentives
 - Local regulations
 - Fees
 - Building Code
 - Request local authority to amend building code to promote electrification
 - City-owned buildings.
 - Adopts policies committing the City of Bend to eliminate fossil fuels in new and existing City-owned or operated buildings.
- Prioritization Survey Results
 - Short Term Action Prioritization
 1. Education & Outreach Programs
 2. State-wide advocacy
 - Long Term Action Prioritization
 1. Regulations
 2. Incentives
 3. Fees
 4. Pursue local amendment to the building code

Discussion:

Calise acknowledged the urgency on the side of public commenters and would like ECC to be clear that they are recommending actionable solutions that have a strong chance of success. While Fees and Pursuing the local amendment to the building code are good ideas, they are more challenging and less likely to succeed, which is why they are lower priority. Calise agreed with the prioritization list and viewed the prioritization results as what is most impactful and most likely to succeed.

Buckley felt that the top priorities, Education & Outreach and Regulations, should ideally be implemented in a consistent way that pursues revenue neutrality while internalizing inefficiencies with funding access.

Fraser agreed with the prioritization and agreed that they need to pair and work together.

Baunsgard proposed prioritizing infrastructure for new construction, as it is easier and less costly to implement at the time of construction verses retrofitting and with Bend's growth, there are many opportunities. Baunsgard listed three recommendations, in priority order:

1. Limiting piping in right of way.
2. Limiting new gas appliances in new construction.
3. Pollution fee.

Fraser supported the focus on new construction and added consideration on addressing retrofitting. Fraser suggested a NOx standard for appliances at time of replacement.

Lacy asked whether incentives would be considered short-term or long-term actions, in which case they would likely be implemented sooner than regulations which take more time to implement.

Baunsgard suggested tying the education/outreach with the upcoming heat pump rebate programs established in the Inflation Reduction Act. Baunsgard stated that in the last meeting, the working group discussed developing new incentives regardless of funding stream (fees) but recognized that this might not be possible and that regulations may need to be developed before new incentives.

Lacy suggested short-term priorities of outreach and education, including a navigation program that connects people to incentives, and having this established before the IRA incentives come out. Lacy suggested long-term priorities of exploring a regulatory approach that will work for either ROW or NOx regulations, and if neither works, pursue fees.

Baunsgard agreed with the priority hierarchy (1. ROW regulations, 2. NOx regulations, 3. Fees), but stated that they can be worked on concurrently or in succession. Baunsgard stated that he did not support the language or short- and long-term, as the City will be working on these projects in the coming biennium. Baunsgard felt that the connotation of "long-term" is that the City isn't working on it right away.

Lacy responded that "short-term" identifies things that the committee believes can be executed fully in next biennium, and "long-term" will be worked on but not fully executed in next biennium.

Fraser supporting advancing all action types as quickly as possible. Fraser suggested the ECC create a timeline around goals, which will direct staff's workplan.

Lacy responded that ECC does not need to use the terms “short term” and “long term” in structuring its recommendations.

Buckley asked why would regulations, such as limiting use of NOx appliances, take more than two years, as compared to something like the tree code?

Lacy responded that at this point, staff does not sure how long it will take. The proposed regulations would entail research followed by a public engagement process, which is time intensive.

City Attorney Mary Winters responded that the tree code took a year, but the City was able to use models from other cities with existing tree codes. No US cities currently have ROW regulation that prohibits natural gas, and NOx regulations have only been seen in air districts. Due to the lack of models, this process would require a research project to determine potential legal issues and would likely require forming a committee for input, both of which are time intensive.

Lacy asked if the committee agreed with Baunsgard proposal, or if they wished to consider an alternative.

Baunsgard added Fraser’s idea of applying the NOx appliance regulations to existing buildings at time of replacement to the proposal.

Buckley expressed support to the proposal, and requested addressing the natural gas distribution system, potentially with a franchise fee.

Lacy responded that the process for the franchise fee is feasible but is not sure it would have the desired effect.

Selkirk agreed that the action is relatively simple, but that the fee might be passed onto the consumer.

Buckley asked if the fee could target for new construction rather than existing connections.

Selkirk responded that hasn’t been done and could introduce potential legal challenges.

Selkirk suggested researching both the NOx and the ROW regulations to determine which is most possible for Bend rather than decide on one option now.

Baunsgard expressed interest in a prioritized list and supported the idea of a franchise fee.

Lacy discussed next steps and stated that the next ECC meeting will be dedicated to this discussion. Lacy pointed out that ECC will not have another chance to discuss before bringing its

recommendation to Council, so it will be important to vote on the recommendation at the next meeting. Following the decision, ECC will draft a letter of recommendation, and the ECC Chair and Vice Chair will deliver it to Council.

Winters repeated her understanding of the Working Group's proposal, and suggested making this clear to Council:

- Prioritization of regulations over fees and incentives
- Keep both regulatory objectives on the table for further research
- Include a recommended use of the proposed franchise fee

5. Adjourned at 11:05 a.m.

Respectfully submitted,
Ashley Bontje
Deputy City Recorder



Accommodation Information for People with Disabilities

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