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SUBJECT: Bend Electrification Engagement Summary
PROJECT NAME: Bend Electrification Policy Analysis

Engagement Summary

The project team engaged with the following groups of interested parties during Phase 1 of the Electrification Policy Analysis process.

- City of Bend Environment and Climate Committee (ECC)
- Environmental Advocates
- Business Community
- Central Oregon Builders' Association (COBA)
- Cascade Natural Gas
- Pacific Power
- Central Electric Cooperative

Key Themes of Engagement

Environment and Climate Committee (ECC)

Members of the ECC were engaged throughout Phase 1 of the policy analysis process. The project team met with two members of the ECC in August 2024, then with the full ECC in October 2024. A sub-committee of the ECC continued to meet in October 2024 to determine the ECC's recommendation to the City Council regarding which policy options to pursue during Phase 2 of the electrification policy analysis.

August 2024 Interview Summary

Input on electrification policy options was gathered from two representatives of the ECC. Key themes from this interview included:

- The importance of considering policies that affect both new *and* existing buildings.
- The importance of considering policies that affect both the natural gas distribution network (i.e., leakage) *and* natural gas end uses.
- The importance of keeping the purpose of the policy(ies) in mind (i.e., to reduce emissions in a meaningful way such that Bend meets its emissions reduction goals as outlined in the CCAP).
- An interest in focusing on options that build electrification into city policies, regulations, and codes (vs. voluntary options) and have legal merit (given the Berkeley decision). Example policies



included NO_x policy to regulate air pollution, charging a carbon pollution fee for buildings that install new natural gas hookups, regulating natural gas infrastructure via the right-of-way, and assessing charges and fees as part of the city's regular fee update schedule (e.g., SDCs, permit fees, service fees).

- An emphasis on affordability throughout the life cycle of buildings, including highlighting that building all-electric from the start is the most affordable option, all-electric buildings result in net savings over time, and affordable energy is part of the affordable housing conversation.
- Funding and education to support electrification efforts is needed. Things that contribute to successful programs include simple programs that are easy to navigate and easily accessible information (one stop shop), workforce development, and overlapping incentives.

Environmental Advocates

Input on electrification policy options was gathered from representatives of four local environmental advocacy groups (350 Deschutes, Energize Bend, Bend Citizens' Climate Lobby, the Deschutes Youth Climate Coalition, and Fridays for Future) in August and October 2024.

Key themes from the interviews included:

- Indicated that the environmental advocacy community's highest priority initiatives are low NO_x standards, setting electrification goals, and reconsidering right-of-way policies with legal backing.
 - Discussed low NO_x standard: Noted as a public health issue with no state or federal prohibition. Considered a legally low-risk policy that allows keeping one gas appliance, making it politically favorable.
 - Suggested setting a voluntary but aspirational goal for electrification to help measure progress. Identified key areas: new construction, retrofits, and raising revenues to subsidize the transition.
 - Stressed the importance of stopping new gas hookups and reconsidering the use of right-of-way to halt gas infrastructure. Highlighted the risks of inaction, such as gas leaks and inequitable impacts on communities.
- Expressed that the group would like the City of Bend to:
 - Enact mandatory policies to reduce fossil fuel use in buildings (as opposed to voluntary options).
 - Act quickly (i.e., now) given the urgency of climate change.
 - Frame electrification as an exciting benefit rather than a scary change, highlighting the opportunities and making it easy for people to understand.
 - Ensure the energy transition is just (e.g. Climate Justice Fund to subsidize the transition).
 - Focus on both new and existing buildings, with an acknowledgement that focusing on new buildings first may be the most practical (affordability, low-hanging fruit, opportunity to lock in lower-carbon buildings for decades to come).
- Expressed opposition to fossil fuel options (e.g. RNG, offsets, hydrogen blending) and concerns about utility companies' influence over the policy process.

- Discussed funding options, including:
 - Proposed government investments to incentivize upgrades, such as SEED loans in Corvallis, which use lending capital to help low- to moderate-income households cover upfront costs. Mentioned potential funds from ODOE and suggested providing 1,000 free home energy audits as part of a campaign accessible to all income levels.
 - Expressed support for revenue sources, such as raising right-of-way processing fees, creating permit fees for new construction with fossil fuel infrastructure, and using these revenues to subsidize upgrades for low-income communities. Suggested a high energy use fee similar to Boulder, Colorado's model.
 - Suggested additional incentive policies such as slowing down permitting for gas construction, expediting electric permitting, and providing home energy coaching and education.
- An emphasis on the importance of mentioning co-benefits in all climate policies, such as reducing pollutants, improving air quality, lowering energy costs, and enhancing public health and safety by reducing pipeline gas leaks and preventing explosions. Noted Bend's high fire risk and poor air quality, stressing the health risks. Suggested joining with other cities for more impactful policies.

Business Community

An interview was conducted in October 2024 with members of the business community, including representatives from the Bend Chamber of Commerce, Economic Development for Central Oregon (EDCO), and the City's Business Advocate.

Key themes from this interview included:

- A desire to go slowly and make data-driven decisions regarding any policy changes.
- Concern about how policy changes, and any unintended consequences because of those changes, might impact business owners and/or the business environment in Bend (e.g., people choosing to do business in a town nearby instead of in Bend because of policy changes).
- A preference for outreach, education, and incentive programs rather than regulatory options, as well as leveraging existing programs (e.g., Energy Trust of Oregon programs) and funding sources.
- Concern about taking action before the Climate Protection Program (CPP) comes back into play and questions about how the CPP would interact with or influence local policy options.
- Acknowledgement that low-margin businesses like mom-and-pop shops and businesses that reside in older buildings would probably need the most support in an electrification scenario, although everyone will likely need some support.

Central Oregon Builders' Association (COBA)

An interview was conducted in October 2024 with a representative from the Central Oregon Builders' Association and the City's Business Advocate.

Key themes from this interview included:

- Building electrification on its own isn't an issue. However, there was some concern about how building electrification efforts or policies may impact housing availability/affordability goals. There is a way to ensure these goals are not in conflict with one another.
- The most concerning policy options from the COBA perspective are:
 - Adding additional fees or increasing existing fees
 - Advocating for changes to the construction excise tax (depending on the specifics)
- The biggest opportunity areas around electrification include:
 - Educating the building community by partnering with COBA and others.
 - Urban renewal assistance – tiered system for benefits for electric buildings, buildings with solar.
 - Other financial incentives for developers. In particular, incentives for builders of market-rate, workforce housing would likely be the most enticing. High end homes tend to be built more efficient and subsidized affordable housing is required to meet high energy efficiency requirements already.
- Expedited permits would likely be a less impactful policy option from the COBA perspective.
- Future (phase 2) stakeholder involvement should be more focused with smaller, industry-specific groups/people (e.g., Affordable Housing Advisory Committee).

Cascade Natural Gas

Several representatives from Cascade Natural Gas provided input and comments on the list of draft electrification policy options provided by the City.

- A preference for taking a collaborative approach to meet the decarbonization goals, voluntary measures and incentives, open communication, and a fuel-neutral approach (i.e., electrification is not the only pathway to decarbonization).
- An expectation that the Climate Protection Program will come back into play in the near-term.
 - Short-term decarbonization efforts include expanding renewable natural gas (RNG) supply, improving efficiency of the gas system, and pursuing a pilot program to explore electric heat pump usage paired with backup natural gas for home heating and cooling.
 - Longer-term decarbonization efforts could include pursuing hydrogen.
- Confirmation that natural gas hookups and natural gas usage are decoupled from a revenue perspective – the number of hookups is more important to CNG than the volume of usage.
- Concerns about the policy options list included:
 - Reducing energy reliability and affordability if the City pursues electrification over decarbonization.
 - Meeting customers' needs without backup natural gas power given Bend's cold climate.
 - The electric utility not meeting its state-mandated Clean Energy Targets.
- Opportunities include:

- Partnering with the City of Bend on the heat pump pilot program to achieve the “highest and best use” of natural gas.
- State-level advocacy for thermal energy network pilot programs, such as in Washington State.

Pacific Power

Three representatives from Pacific Power provided input and comments on the list of draft electrification policy options provided by the City. The discussion focused primarily on the broader context of the electric system and the utility's ability to meet increasing electricity loads and decarbonization requirements.

- An acknowledgement that the electric system is currently constrained. Constraints can be sorted into two major buckets: local constraints and regional constraints.
 - Local constraints are easier to address – these projects are smaller and take less time to complete (e.g., local transmission and substation upgrades). Many projects are planned to ease local constraints through 2032, when regional constraints can be adequately addressed.
 - Regional constraints are more challenging to address – the projects are bigger, require significantly more coordination and materials, and take longer to complete.
 - “Project Blueprint” is a large (500 kV) transmission project to connect Central Oregon and Southern Oregon. This project will be completed by 2032 and is expected to ease regional constraints.
- An explanation that what's included in the IRP and what happens in the market are two different things.
 - The IRP is a planning tool that provides signals to the market about the direction of the company. The amount and types of projects that actually get built depend on the market's response to the utility's requests for proposals.
 - Pacific Power serves 6 states, but Oregon Clean Energy Targets (and Washington state Clean Energy Transformation Act Targets) are factored into company-wide integrated resource plan (IRP) modeling.
- Input on how the utility plans to meet its Clean Energy Targets, including:
 - An acknowledgement that Pacific Power has been working to increase the amount of renewable energy in its portfolio in recent years.
 - A statement that the utility does not intend to build projects that will hinder the company in meeting its state-mandated clean energy targets.
- Concerns about the challenges and risks of electrification and meeting clean energy targets, including:
 - Increased electricity demand from many sectors, including artificial intelligence and data centers, electric vehicles, electrification of heating equipment for buildings, and more large, multi-story buildings being built.

- A tumultuous political and regulatory climate can make it difficult for the utility to plan for and be compliant with changing requirements.

Central Electric Cooperative

Three representatives from Central Electric Cooperative (CEC) provided input and comments on the list of draft electrification policy options provided by the City. The discussion focused primarily on the broader context of the electric system.

- Background on CEC and how it sources its power: As a not-for-profit electric utility, CEC operates and sources its power differently than an investor-owned utility like Pacific Power.
 - CEC sources power from the Bonneville Power Association (BPA). BPA power is broken into two tiers.
 - Tier 1 energy is mostly from hydropower. There is a limit to how much Tier 1 energy a utility is entitled to. Energy demand for CEC has surpassed that threshold and CEC must source additional Tier 2 energy to meet that demand.
 - Tier 2 energy is market-purchased power, which can be more expensive and have a higher emissions intensity. Work is ongoing to establish more renewable options and facilitate power purchase agreements. Fixed costs of Tier 2 purchases are distributed across the customer base, raising prices for everyone.
 - CEC is concerned about the cost of infrastructure upgrades for consumers and interested in facilitating electrification equitably.
- Insight into how CEC is thinking about electrification, including an acknowledgement that new construction is not a monolith – there are different considerations for new construction in new neighborhoods than for new construction in legacy neighborhoods.
 - For new construction in new neighborhoods, CEC can work with developers and others to ensure the electric infrastructure is sufficient from the outset and plan for future demand.
 - For new construction in existing neighborhoods, existing transmission infrastructure like transformers and conductors can limit the ability to add electrical demand – even for new construction – without also completing costly transmission upgrades outside of the home. These costs are borne by the homeowner or developer.
- Support for pursuing the following opportunities:
 - Focusing on new construction in new neighborhoods.
 - Partnering with the City and other organizations that already have existing programs to support electrification (e.g. Energy Trust of Oregon) to amplify those programs instead of reinventing the wheel at the city level.
 - Expanding CEC's "deep retrofit" program to provide significant energy efficiency improvements to moderate-income households. The current program serves low-income households.

- Concerns about encountering the following barriers:
 - Existing buildings in legacy neighborhoods are particularly difficult to electrify from an electric capacity perspective.
 - The high cost of local electricity transmission infrastructure for consumers who opt to electrify in existing neighborhoods may be a disincentive to electrification, even if incentives are offered for electric equipment (like a heat pump).