

June 1, 2026

Mayor and Members of the Bend City Council  
City of Bend  
710 NW Wall Street  
Bend, Oregon 97703

Dear Mayor and Council Members,

**RE: Opposition to Proposed Climate Impact Fee on Natural Gas Appliances**

We write to respectfully oppose the City of Bend's proposed 20% "climate impact fee" on new homes built with natural gas equipment. While we share the Council's commitment to a cleaner energy future, this fee is the wrong tool, applied at the wrong level, at the wrong time. It will raise costs for Bend residents, undermine energy reliability, and do little to meaningfully reduce regional emissions. We urge the Council to reject this proposal and work with all energy providers to develop innovative pathways to emission reductions that meet the current stage of the energy transition.

**1. Climate Change Is a Regional Problem That Demands Regional Solutions**

Carbon emissions do not stop at city limits. The atmosphere does not recognize municipal boundaries and neither do the energy systems that serve Central Oregon. Oregon has already established a comprehensive, statewide framework for reducing energy-sector emissions through its various policy mandates. These programs are designed to achieve emissions reductions at the scale and coordination necessary to make a difference, precisely because climate change is a regional and global challenge.

Layering a city-level construction fee on top of that framework does not accelerate the regional transition. It creates a patchwork of local rules that complicates regional energy planning, raises construction costs, and undermines the coordinated approach that actually achieves emissions reductions at scale. A fee applied only to new homes built in Bend will have negligible impact on regional greenhouse gas concentrations while placing a real and immediate burden on local homeowners and the housing market. The Council would be far more effective as a vocal partner in the regional energy transition than as an island of uncoordinated local climate policy.

## **2. Innovative Solutions Enhance Grid Resilience and Reduce Emissions**

The most effective path to a clean energy future is not eliminating natural gas on a fixed schedule, it is strategically pairing natural gas and electricity in dual-fuel systems that optimize for both systems emissions and reliability. Dual-fuel homes can shift load dynamically between energy sources depending on grid conditions, weather, and the availability of renewable generation. This flexibility is not a consolation prize; it is a core feature of a resilient, low-carbon energy system.

Further, advancements in renewable natural gas, hydrogen, and carbon capture technologies continues to evolve. As those resources scale, as they are in other countries, the potential to reduce emissions from other sources and in hard to decarbonize sectors increases. We need to be supporting this type of innovation which can optimize existing infrastructure while reducing emissions.

Oregon's electric grid is already under stress. During the January 2024 cold snap, the Pacific Northwest relied on emergency measures and imported electricity to keep the lights on, while the natural gas distribution system efficiently delivered approximately **70% of the energy** that kept homes warm. Natural gas provides peak capacity and dispatchable backup that regional renewable generation cannot yet reliably replace. Discouraging dual-fuel construction in Bend removes diversity and flexibility from the local energy system at precisely the moment that diversity is most needed. By contrast, encouraging dual-fuel systems that can shift to cleaner electric sources as the grid decarbonize while retaining gas as a reliable backup with limited usage. This is a practical, emissions-reducing strategy that the grid can actually support.

## **3. Electrification Costs Will Be Passed On to Ratepayers**

The Council should weigh the full cost picture before treating this fee as a step toward affordable electrification. Testimony provided directly to the Bend City Council by local electric providers made clear that there are real and significant costs associated with the accelerated growth of the electric system in Bend and that those costs will be passed on to all ratepayers. Expanding electric capacity to serve growing demand requires new generation resources, major upgrades to transmission and distribution infrastructure, and expanded peak capacity to meet both winter heating loads and growing summer cooling demand.

These investments cannot be built overnight, and their costs do not disappear, they are borne by consumers through higher electric rates. Recent utility filings in Oregon indicate that meeting statewide clean energy mandates will result in significant rate increases over the transition timeline. A fee that nudges new construction toward all-electric systems today does not account for the rate increases those homeowners will face today and tomorrow. Assumptions that electric rates will remain affordable deserve far greater scrutiny than this

proposal has received. The pace of the buildout of electrification must match consumers ability to pay.

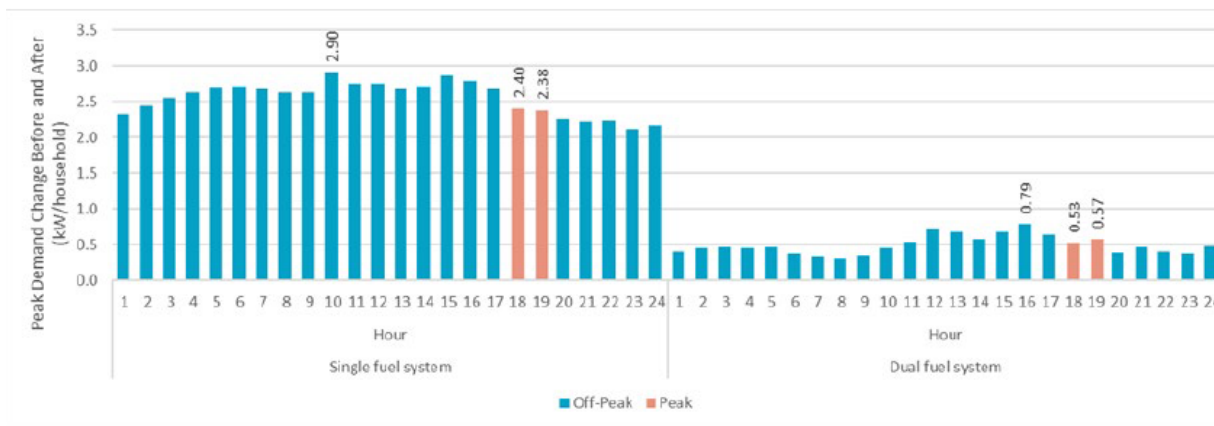
#### 4. Learning From Other Jurisdictions

We have an opportunity to learn from others who are working to tackle the climate challenge. British Columbia's recent experience offers a lesson for us. BC pioneered North American carbon pricing for over fifteen years — yet in April 2025, Premier David Eby eliminated the consumer carbon tax entirely citing affordability challenges.

Most recently, Vancouver City Council voted on May 21, 2026 to reverse its multi-year ban on natural gas heating in new homes, with Mayor Ken Sim arguing the change aligns city bylaws with provincial standards, gives builders more options, and reduces regulatory costs that would otherwise flow through to housing affordability. The council also rolled back regulations requiring that natural gas hot water tanks be replaced only with electric units at end-of-life.

Further, BC Hydro's most recent Integrated Resource Plan acknowledges that dual-fuel heating systems could ease the strain on the grid. BC Hydro has noted that dual-fuel heating systems, which combine electric heat pumps with natural gas backup, could reduce winter peak electricity demand in the Lower Mainland by 75% compared with fully electric systems.

**Figure 2-7 Average Dwelling Winter Demand Impact Comparison between Single and Dual-Fuel Systems (BC Hydro System Peak Days for Lower Mainland)**



#### A Better Path Forward

We do not ask the Council to abandon its climate goals. Instead, we ask it to pursue them effectively. **A managed energy transition that balances reliability, affordability, and sustainability is not the same as no transition.** Oregon has the policy architecture to achieve real emissions reductions at scale. The City of

Bend can contribute to that effort by partnering with energy providers on dual-fuel and innovative solutions, supporting weatherization and efficiency programs that reduce consumption regardless of fuel source, and coordinating with the state on the infrastructure investments that a responsible transition requires.

What Bend cannot do and should not attempt is to solve a regional problem with a local fee that raises housing costs, compromises grid reliability, ignores the real cost of electrification, and burdens the consumers it purports to protect. We urge the Council to reject the proposed climate impact fee on natural gas appliances and to engage instead in the collaborative, regional approach that this challenge demands.

Thank you for your consideration of these concerns.

Respectfully,

A handwritten signature in black ink that reads "Kelly K. Fukai". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Kelly Fukai  
CEO  
Northwest Gas Association