



CITY OF BEND

# MEMO

**To:** Bend Economic Development Advisory Board

**From:** Cassie Lacy, Senior Management Analyst, City Managers Office

**Date:** 1/2/2026

**Re: Update on Electrification Policy – January 2026**

---

Based on Council direction at work sessions in April, August, October, and December 2025, Staff will be pursuing the development and incentive and disincentive package to encourage the electrification of residential buildings, including the development of:

- A fee on natural gas appliances and equipment in new residential construction
- Financial incentives to encourage electrification, using the revenue from the fee
- Nonfinancial incentives, such as through the development code, to encourage electrification.

At the Council work session on December 10, 2025, staff presented a recommended approach to the fee design and fee calculation and outlined several policy questions that need to be answered in order to create the incentive and disincentive package. The details and background of the fee approach are attached to this memo as Appendix A. The policy questions that still need to be answered, as outlined by staff, include:

1. What level to set the fee, based on the balance of achieving climate goals with achieving other City goals
2. What housing types or circumstances should be exempt from the fee
3. What the financial incentive should be and how it should be structured
4. What the nonfinancial incentive should be and how it should be structured

At this work session, staff sought direction from the Council about the public engagement approach to getting input on these policy questions, including using a temporary joint committee consisting of the Bend Economic Development Advisory Board, the Affordable Housing Advisory Committee, and the Environment and Climate Committee, along with three

ex officio members for the three energy utilities (Pacific Power, Central Electric Cooperative, Cascade Natural Gas).

The Council direction to staff at the 12/10/25 work session was that the Council would like the temporary joint Committee to provide recommendations on what the financial incentives and nonfinancial incentives should be and how they should be structured. They would also like to get recommendations from the Committee on exemptions to the fee. The Council determined they would like to establish the fee level themselves and directed staff to facilitate a discussion to advance the discussion to set the fee level at a work session on 2/11/2026. Council directed staff to focus on a recommendation about nonfinancial incentives with the joint committee first, concurrent to the Council continuing discussions about the fee level and fee calculation.

To fulfill the Council direction, staff are bringing a Resolution establishing the Temporary Committee on Electrification Policy (TCEP) to the Council at their meeting on 1/7/2026. The proposed resolution and charter for the TCEP are attached as Appendix B. and C. Last, staff have outlined a proposed work plan of key meetings and decision points for both the Council and the TCEP throughout 2026 to develop the full incentive and disincentive package to encourage electrification. This timeline is tentative and illustrative – the actual dates and order of meetings is expected to evolve as the Committee and Council discussions, information gathering, and deliberations require to achieve the best policy outcomes. The proposed tentative timeline is attached as Appendix D.