

Dear Mayor Vinis and City Councilors,

The undersigned organizations represent the voices of public health, housing, environmental, and social justice interests that make up the diverse and cross-sector body that is the Fossil Free Eugene Coalition. We are writing in response to recent City of Eugene work sessions regarding the Climate Action Plan (CAP) 2.0 and broader efforts to reduce greenhouse gas (GHG) emissions while remedying public health and economic disparities in the City. Our coalition and our networks are unified in support of city council to take the following actions:

- 1) Forward motions to direct staff to explore regulatory options available to the City to reduce emissions associated with methane gas in buildings at the upcoming November 17th CAP 2.0 work session; and, ultimately
- 2) Utilize the full extent of the City's authority to equitably and swiftly transition our community off of fossil fuels.

The climate crisis is here. Despite promises from governmental bodies across the region and the world, emissions have continued to grow and the impacts of the climate crisis have progressively become more dire.

In recent years, our community in Eugene and surrounding areas has experienced climate-driven disasters including deadly heat waves, historic wildfires and unprecedented drought. Since the City's last GHG inventory was conducted, emissions have only grown, demonstrating a dire need to pursue more aggressive tactics to transition our community off of fossil fuels. During this same period, our coalition and community members from across the City have provided public comment, signed onto public letters, and held demonstrations to encourage the City to prioritize reducing emissions from buildings, and to pursue a regulatory approach to limit the use of the potent GHG methane in Eugene.

In light of the City's failures to put policies in place to meet its emission reduction targets, and the growing calls for policies to address the role gas use in buildings plays in the City's carbon footprint, it is time for the City to abandon collaborative efforts with NWN regarding a franchise agreement and a joint application to the PUC under Oregon Senate Bill 844. Instead, the City should immediately pursue additional strategies 2 (regulate natural gas) (AS2), 4 (implement Home Energy Score and commercial benchmarking programs) (AS4), and 5 (create spending programs to increase energy efficiency and promote fuel switching) (AS5), as presented by City sustainability staff in [November 2019](#) and again in [September of 2021](#).

Better regulatory alternatives to continuing franchise agreement negotiations with NWN

In 2019, the City directed staff to pause work on all strategies regulating gas use in Eugene, instead opting to pursue GHG emissions reductions and other CAP 2.0 goals through the negotiation of terms on a franchise agreement. After two years of failed negotiations, it is clear that NWN is unwilling to work with the City to achieve meaningful emissions reductions. The current terms of the negotiations with the corporation, which Council voted to move forward with

at their June work session, cede the significant leverage that the City has to regulate NWN outside of the agreement, while significantly increasing costs for vulnerable ratepayers (the joint-proposal discussed under SB 844 allows for the company to increase rates in Eugene up to 4% on top of [other significant rate increases](#)) and providing little in the way of emissions reductions.

Specifically, the 30-day termination clause currently included in franchise negotiations would provide NWN with huge influence over City decisions on climate action. This clause would allow NWN to threaten to terminate the franchise agreement and withhold the increased revenue generated by it any time the City considered further regulations that might reduce NWN's profits and shareholder value – thereby ceding the City's existing leverage to NWN.

Instead of pursuing an increased franchise fee through expensive, time-consuming and inefficacious negotiations, the City should simply revise [Eugene Code section 3.60 \(The Natural Gas Supplier Tax\)](#), the provision currently generating revenue from NWN's operations in the City, by amending section 3.605(1) in order to increase from 5% to 7% the levy or "privilege tax" of gross revenue for utilities operating in the City without a franchise. Such an amendment would be parallel to that imposed by the City of Gresham and [upheld by the Oregon Supreme Court](#) in 2016¹. This would amount to a 2% increase in annual revenue generated from the utility, or approximately \$560,000 a year.

The City could then use the additional revenue generated by the 2% levy increase towards establishing the just transition fund called for by the Fossil Free Eugene coalition. This fund would support an equitable implementation of programs under AS5 to increase energy efficiency in existing electric appliances, fuel switching from gas to electric in households currently using the fossil fuel, and additional health and safety retrofits as necessary. In order to fit the criteria of a just transition off of fossil fuels, these programs must be designed to benefit affordable housing stock, and low income and BIPOC households. These programs should also incorporate community benefit contracts as described in [SB 420](#) to mandate that all new retrofit contracts funded under these programs are held to the highest labor standards including a labor peace agreement, year round full family health benefits, apprenticeship programs, prevailing wages and cost of living adjustments. These programs must also include language to ensure that any landlord that benefits from these investments are restricted from raising rents for at least ten years following the retrofits in order to protect affordable housing and to prevent gentrification.

Additional regulatory options

Simultaneously, the City must use its authority to place a ban on the construction of new gas infrastructure, leading the State on climate policy and following the lead of the over 50 cities across the country that have taken similar actions. A ban of this nature must be paired with

¹ Note that an amendment to City of Eugene's existing Natural Gas Supplier Tax would not be preempted by the [2019 Student Success Act](#) as the original levy was put in place before the preemption took effect on April 1, 2019.

efforts to create a roadmap to equitably electrifying Eugene's existing buildings with a goal of complete electrification by 2045 in order to ensure that no one is left behind in this transition, and with a focus on advancing social justice, protecting public health and creating clean energy jobs. It is important to note that this strategy would achieve significant emissions reductions for virtually no cost to the City to implement, making it one of the most effective strategies recommended by sustainability staff.

Additionally, in order to pursue the emissions reductions in existing buildings in our City necessary to meeting our CAP 2.0 goals, and in conjunction with increased spending on efficiency and fuel switching retrofits with revenues generated from an increased levy on NWN, the City must use AS4 to benchmark buildings in the City of Eugene in order to provide the baseline information required to pursue building performance standards as a mechanism for the gradual electrification of existing buildings in the City, and to provide critical information to potential investors and homebuyers.

Finally, in addition to and as complementary strategies to those described above, the City should adopt the following recommendations from sustainability staff at the City Council's January 30th, 2019 work session:

- 1) Regulate purchase and installation of natural gas fueled appliances while ensuring ongoing affordability of housing and energy services for all;
- 2) Immediately phase out financial incentives for installing natural gas services; and
- 3) Immediately phase out financial incentives for purchasing natural gas appliances.

Eugene has an opportunity to take bold climate action. We strongly encourage the Council to take this opportunity, and lead the state on the transition off of fossil fuels.

Thank you for your consideration,

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