



Date: April 21, 2021

To: The Eugene City Council, Mayor, and City Manager

From: The Eugene Sustainability Commission

Re: Reducing Greenhouse Gas Emission from Energy in Buildings

With the upcoming end to the Franchise Agreement with NW Natural after an unsuccessful two year negotiating process, it is an appropriate time to reassess the City's strategy moving forward and plan a process that can lead to a strong set of policies to reduce GHG emissions from natural gas use, protect low-income residents, and create a greater role for the public in the decision making process.

Problem

The City of Eugene has very ambitious GHG reduction goals, but the City is not actively pursuing policies strong enough to reach these goals for the natural gas sector.

Solution

Data based decision making

Direct City Staff to use the information on the potential cost and scale of GHG reductions of the proposed natural gas reduction actions contained in the City's previously completed Gap Analysis (link available in Resources Section at end of document), along with additional information gathered since the document was created, to recommend to Council a set of policies that will reduce natural gas use in line with the City's 2030 GHG reduction goal, or as close as is feasible, in an equitable way and at the lowest cost.

Include Input from Diverse Stakeholder Groups

When evaluating options Staff should seek input from diverse stakeholder groups including, but not limited to, the Equity Panel (including referencing their previous recommendations on natural gas, pg 180 CAP 2.0), renters, home-owners, youth, affected businesses, the University of Oregon, and public health experts.

Deadline for Decision Making

As it is more likely decisions will be made in a timely manner if there is a deadline, the Commission suggests including a deadline for the staff recommendation to come back to Council and a deadline for the recommendation to then become adopted policy.

Recognizing that the original recommendation from the Sustainability Commission to Council asking for research on natural gas regulatory options was voted on and sent to Council in June of 2018 and that information on the cost and potential scale of GHG reductions of the potential solutions was first presented to Council in January 2019, the Fall of 2021 sounds like a reasonable deadline for a staff

recommendation on which policies to pursue to come to Council and the end of 2021 as a deadline for Council to approve ordinances to implement the recommended policies.

Fee on Natural Gas Users Not Enough

While a fee on natural gas users to fund energy efficiency improvements or other climate programs is likely desirable, it should be recognized that a fee invested in energy efficiency improvements is likely to result in minimal GHG reductions over a 10-year period and other measures will be necessary. According to a preview of research done by Eugene City Staff presented to the Commission on the likely effects of investments from a larger franchise fee ([link in Resources](#)), investments of \$750,000 per year are likely to result in just 18,000 tons reduced cumulatively over 10 years, or an average of 1,800 tons per year. This is less than a 1% decrease in annual emissions, considering the City's 2019 emissions from natural gas of approximately 280,000 tons per year.

These projected reductions from energy efficiency investments are significantly lower than the expected emission increase from population growth and very far from the science-based GHG reductions targets for 2030 contained in the City's Climate Action Plan. While a targeted fee on large emitters (as is proposed in Portland under the Healthy Climate Fee) or a broad fee on all gas users (as is used in Gresham) is likely desirable, additional measures will be necessary to make significant reductions in Greenhouse Gas Emissions from natural gas.

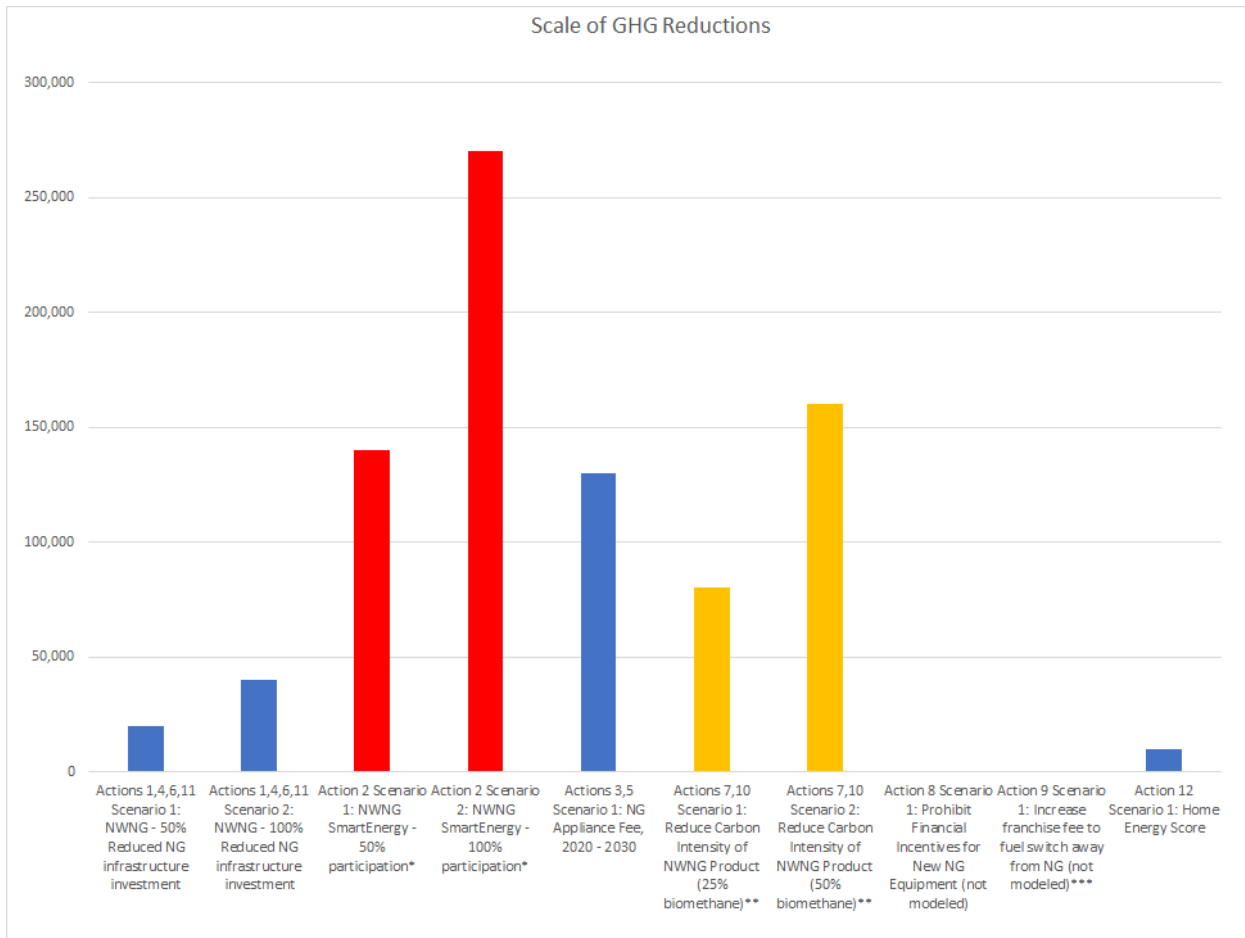
Scale of Problem

According to the City's Climate Action Plan 2.0 (pg 32), the natural gas sector would need to reduce an additional 179,000 tons per year by 2030 to reach the City's GHG reduction goal for that year. This is the level of additional reductions needed from the potential solutions considered below to reach the City's GHG reduction goal for 2030 as applied to the natural gas sector.

Note: The necessary reductions to reach the goal is likely slightly higher, at 203,000 tons per year by 2030, as the City's Climate Action Plan mistakenly included 5% offsets and biogas from the Metropolitan Wastewater Management Commission (MWMC) as contributing to reducing the City's emissions, when offsets don't reduce gross emissions and the City does not currently retain the biogas from the MWMC for use locally.

Scale of Potential Solutions

Below is a graph with the potential scale of GHG reductions for each of the actions in the City's previously presented Gap Analysis.



*Offsets should be considered as a backup if other measures are deemed insufficient to reach the goal.

**According to an Oregon Department of Energy Report (link in Resources), biogas potential may be lower than is reported as possible here.

***Expected Cost and GHG reductions for increasing the franchise fee for energy efficiency have been researched by staff and should be included in an updated analysis

Cost of Potential Solutions

Below is a graph with the likely cost per ton of GHG reductions for each of the actions as listed in the City's previously presented Gap Analysis.



*The reasoning behind the cost expectations for Actions 3 and 5 (limiting new gas equipment), that they would be similar in cost to offsets, is potentially flawed and should be revisited in an updated analysis

**Expected Cost and GHG reductions for increasing the franchise fee for energy efficiency have been researched by staff and should be included in an updated analysis

Resources

Eugene Climate Action Plan 2.0, https://www.eugene-or.gov/DocumentCenter/View/55832/CAP-20_Summer_2020_FINAL-

Eugene Gap Analysis presented during City Council Work Session, January 30th, 2019, <https://www.eugene-or.gov/DocumentCenter/View/46001/Recommendations-for-Add-Eugene-Climate-Actions-to-Meet-Eugenes-CRO-Targets--Goals-Gap-Analysis>

Presentation to Energy in Buildings Committee of the Eugene Sustainability Commission by Ethan Nelson

https://www.dropbox.com/s/26tcae5fv6lrvum/GMT20210308-220323_ESC-Commit_1920x1080.mp4?dl=0

Biogas and Renewable Natural Gas Inventory, Oregon Department of Energy, <https://www.oregon.gov/energy/Data-and-Reports/Documents/2018-RNG-Inventory-Report.pdf>