



EITE Industries Advisory Group

Meeting summary notes for Thursday, August 22, 2024 |

9:00 a.m. – 12:00 p.m.

Location: Zoom, the public may view the meeting in a webinar format

Copy of the [presentation](#).

1. Welcome and introductions

- 20 of the 23 advisory members attended the meeting.

2. Group purpose and expectations

- Ecology shared the advisory group purpose, timeline, and key details of the group charter.
- The group was asked if there are any EITE industries not adequately represented and there were no responses.
- Members inquired about why the report will be submitted in Nov. 2025 when the CCA deadline is Nov. 2026. Ecology indicated that Dec. 2026 is the latest the report can be submitted and Ecology wants to submit it a year early to provide the Legislature with more than one legislative session to deliberate over a significant policy decision. This is because the CCA has a provision that if the Legislature does not make changes to the EITE allocation schedule by Dec. 2027, the default for 2035-2050 will be the 2031-2034 allowance allocation.

3. Background and context for EITE allocation

- Ecology provided an overview of the Cap-and-Invest Program and the Climate Commitment Act requirements to expand monitoring and improve air quality in overburdened communities.
- A member asked a specific facility question related to the expansion of their facility and how their baseline emissions were calculated. Ecology shared they will not address that specific issue in this meeting given it potentially involves confidential business information, but noted that the approach for calculating facility baseline emissions or 'allocation baselines' will be discussed in detail at a future meeting.
- Ecology provided an overview of the EITE allocation policies in the CCA and Cap-and-Invest Program Rules, including the approach for allocating no-cost allowances from 2023-2034.
- Ecology highlighted certain environmental justice considerations related to EITEs, and noted its plan to conduct a preliminary Environmental Justice Assessment as a part of the report.
- A member asked whether the amount of allowances for EITEs from 2023-2034 can be changed (i.e. the reduction schedule). Ecology noted that only the Legislature can change the amount of no-cost allowances as set out in the reduction schedule by amending the CCA.
- Stephanie Celt, Senior Energy Policy Specialist from the Department of Commerce, provided an overview of clean energy and industrial decarbonization policies and programs being led by the State Energy Office. This included:
 - The [Washington State Energy Strategy](#), including its alignment with State climate policy, its five overarching decarbonization strategies, and industrial sector decarbonization considerations.
 - The Pacific Northwest Hydrogen Hub, and the [Green Electrolytic Hydrogen and Renewable Fuels legislative report](#).
 - The establishment of the Office of Renewable Fuels

- Other areas of work including:
 - The [Clean Energy Grant Program from Commerce](#), under which the Hard to Decarbonize sector grants was one bucket of funding. \$20 million was recently distributed and they are anticipating additional funding in the future. [Link to recently funded projects](#).
 - The [Climate Pollution Reduction Grant](#) (CPRG) modeling work to identify cost-effective strategies and pathways for decarbonization all sectors of the economy to meet net-zero, including the industrial sector.
 - Refinery Economic Impact study, which includes pathways for decarbonization within the refinery sector.
 - State Industrial Strategy, which will assess opportunities to decarbonize industries currently in Washington and how to attract new industries to Washington to grow the economy.
- To share resources on industrial decarbonization, please email Stephanie Celt at stephanie.celt@commerce.wa.gov.

4. Report to the Legislature on EITE allocation 2035-2050

- Ecology shared topics that will be considered in the development of its report and the process of developing the report.
- A member expressed concern that the CCA reference to economic harm to businesses was not appropriately represented in Ecology's list of focus areas. Ecology acknowledged this point and would modify the language to clarify on how the reference to economic harm, which Ecology interprets as maintaining competitiveness, fits alongside the concept of leakage.
- Ecology shared the timeline for the report which is split into three phases:
 - Phase 1 (August-December 2024): collect information, discuss technical issues, and identify factors affecting EITE allocation and decarbonization
 - Phase 2 (March-August 2025): Discuss and assess policy and technical considerations along with review draft policy recommendations.
 - Phase 3 (September-November 2025): Ecology prepares and submits final report to for the Legislature.
 - Engaging with the advisory groups along with Tribes, Environmental Justice Council, and community members will occur throughout Phase 1 and 2.
- Ecology shared the work program for the advisory group in Phase 1:
 - **Meeting 2: Oct. 17 - Theory and practice of carbon leakage policies**
 - How EITE allocation in WA (and other jurisdictions) works
 - Global approaches for preventing leakage within carbon pricing policies
 - Issues and limitations of carbon leakage policies
 - **Meeting 3: Nov. 14* - Decarbonization challenges & opportunities for EITEs**
 - Decarbonization options and pathways for EITE industries in WA
 - Policies and programs to enable industrial decarbonization
 - Key constraints and opportunities for decarbonization
 - **Meeting 4: Dec. 19* - GHG emission baselines and benchmarks for EITE facilities**
 - How baselines are determined in WA & comparisons with other jurisdictions
 - Approaches for establishing GHG emission benchmarks for EITE facilities
 - Role of best available technology analysis in GHG emission benchmarks
 - * Ecology noted that the date for the second meeting is locked in but the dates for meetings 3 and 4 are pending confirmation of availability of staff and presenters.

- A member encouraged Ecology to utilize dynamic modeling to inform the recommendations in the report, and noted that the VIVID modeling previously done does not have good EITE emission reduction assumptions. The modeling should show how achievable the emission reduction goal is when thinking about economic harm and the balance of industries expanding. Ecology shared they are looking into modeling options, and noted the previous modeling was completed before the program started when there was limited market data.
- The group discussed how to select a delegate from the Industrial Advisory Group to represent EITE perspectives on the Policy Advisory Group. Ecology proposed to accept nominations for one delegate and an alternative delegate, and then have the group vote after the meeting. A number of members expressed concerns about the size of the EITE Policy Advisory Group and the need to have more than one EITE delegate. Members noted that there is a diversity of operations within the EITE Industries that would be difficult for one delegate to represent, and that other interested parties may have insufficient understanding of EITE operations. One member also wanted to be sure the labor perspective was also included in the EITE Policy Advisory Group. The group decided they would meet among themselves after the meeting to select delegates and inform Ecology of their decision, rather than following the nomination and voting approach proposed by Ecology.

5. EITEs in Washington: Emissions profile and related information

- Ecology provided an overview of reported emissions data from EITEs in 2022, including the different types of greenhouse gases emitted across different EITE Industries, and an overview of the WA Greenhouse Gas (GHG) Inventory and how it accounts for Industrial sector emissions.
- Ecology noted that emissions data alone does not provide an indication of the carbon intensity of production by EITE facilities and that it was planning to explore how it could provide information to the legislature on this without compromising confidential business information of EITE facilities.

6. Next Steps

- Next meeting: October 17th, 2024, 9 a.m. – 12:30 p.m. | [Zoom meeting link](#)
 - Topic will be theory and practice of carbon leakage policies
 - Presentations by Resources for the Future and International Carbon Action Partnership
- One member made a request to have meeting materials ahead of time to enable them to be prepared. Ecology indicated that it would provide the agenda a week in advance, but that it was not able to provide presentations in advance.

7. Public comment opportunity

- There were no public comments. Comments may be submitted via email to CCAEITEIndustries@ecy.wa.gov or on the [electronic platform](#).

Additional Resources

- Contact Adrian Young at CCAEITEIndustries@ecy.wa.gov
- [EITE Industries Advisory Group webpage](#)
- [EITE Policy Advisory Group webpage](#)
- [Cap-and-Invest EITE webpage](#)