



Located outside of Washington



EITE Industries Advisory Group meeting

June 5, 2025, 9 to 11:30 am Pacific

Agenda

Purpose

Discuss and provide feedback on draft materials shared May 29

Reminders

- **Members:** Please rename yourself as needed and include your affiliation
- **Attendees:** please use chat only for Zoom technical issues

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Welcome and introductions

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Joint meeting #2 recap

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Discuss draft materials:

- Document 3: Framework for assessing allocation methods
- Document 4: Methods for allocation

4

Next steps

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Public comment opportunity

Note: This meeting has been extended to 11:30

Introductions

Facilitation team – Ross Strategic

- Susan Hayman – Joint Meetings & Advisory Group Facilitation
- Farnaz Seddighzadeh – Advisory Group Support

Ecology staff

- Adrian Young – Cap-and-Invest Industrial Policy Lead
- Andrew Hayes – Cap-and-Invest Policy Section Manager
- Isabel Hanify – Cap-and-Invest EITE Policy Planner
- Jihan Grettenberger – Cap-and-Invest Outreach Specialist

EITE Industries Advisory Group members

- Adam Diamond – Nutrien
- Brandon Houskeeper – Alliance of Western Energy Consumers
- Brent Downey – Kaiser Aluminum
- Brian Wood – Nippon Dynawave Packaging
- Bryan Vickers – Glass Packaging Institute
- Christopher Collins – HF Sinclair
- Chris Matuszak – Collins Aerospace
- Dallas Scholes – Par Pacific and U.S. Oil & Refining
- David Heller – Cardinal FG Company
- Jackie White – Northwest Pulp & Paper Association
- Jarod Cook – Lamb Weston
- Jessica Spiegel – Western States Petroleum Association
- Jim Verburg – bP America
- Joshua Estes – Association of Western Pulp and Paper Workers
- KC Klosterman – Ash Grove Cement
- Kristin Marshall – Boeing
- Pamela Barrow – Food Northwest
- Tarah Erickson – Nucor Steel Seattle
- Paul Butkus – Packaging Corporation of America
- Perry Hanson – J.R Simplot Company
- Sally Hurst – TSMC Washington
- Sourabh Pansare – Phillips 66 Company
- Tad Koscielak – Matheson Tri Gas



Joint Meeting #2 Recap

Joint meeting #2 recap

- Rocky Mountain Institute presentation
 - [Washington industrial decarbonization pathways, EITEs, and related policy](#)
- Eastern Research Group
 - [Environmental justice and economic/market information on EITEs](#)
- Draft materials released May 29
 - [Document 3: Framework for assessing methods for EITE allowance allocation](#)
 - [Document 4: Potential methods for allocating allowances to EITEs for 2035-2050](#)



Before we jump into document discussions...





Discussion

- Document 3: Proposed framework for assessing potential methods for EITE allowance allocation
- Document 4: Potential methods for allocating allowances to EITEs for 2035-2050

Document 3 reminder...

Document 3: Framework for assessing methods for EITE allowance allocation sets out the draft framework for assessing potential methods for EITE allowance allocation within the Cap-and-Invest Program. The focus of this framework is to support a systematic and consistent assessment of the options outlined in Document 4* and help inform recommendations to the Legislature.

*Or any other options proposed by advisory groups before June 9

Overview of assessment framework

- Systematically assesses potential options for EITE allowance allocation:
 - Step 1: Screening criteria for identifying viable options
 - Step 2: Criteria for comparing viable alternative options
- Other considerations: Economic and environmental justice impacts

Step 1 - Screening criteria

Criterion	Assessment Question
Aligns with Ecology's Cap-and-Invest allowance budgets and auctioned allowance requirements	Will the option ensure total no-cost allowances remain within the program cap/annual budget limits in RCW 70A.45.020 and align with auctioned allowance requirements in RCW 70A.65.100?
Provides for new market entrants	Does the option enable new EITE facilities to access no-cost allowances?
Maintains flexibility for compliance	Does the option allow EITEs to identify least cost compliance strategies, including the purchasing, banking, and selling of allowances?
Compatible with market linkage	Is the proposed policy option compatible with plans to link Washington's Cap-and-Invest market with those in California and Québec?

Step 2 - Assessment criteria

Criterion	Assessment Question
Mitigates emissions leakage	To what extent does the option include mechanisms to identify and mitigate emissions leakage and maintain competitiveness of EITEs?
Maintains incentives for decarbonization	To what extent does the option maintain incentives for EITEs to reduce emissions intensity of production within Washington?
Supports market functionality	To what extent does the option support stable, competitive, and efficient market operations, e.g. liquidity and price signals?
Minimizes administrative costs and complexity	To what extent does the option require agency resourcing to implement/can be implemented using existing administrative systems, and minimizes additional requirements for EITEs?
Provides clarity, objectivity, and predictability	To what extent does the option provide clear, objective, and transparent methods to determine future allocations, and enables EITEs to plan for compliance?

Document 4 reminder...

Document 4: Potential methods for allocating allowances to EITEs sets out the draft findings from staff screening of potential methods for allocating allowances to EITEs from 2035-2050 to avoid leakage and maintain the competitiveness of EITEs within the Cap-and-Invest Program.

Summary of methods and options in Document 4

Method 1: Establish a level playing field for EITEs producing within the jurisdiction

- a) Continue providing no-cost allowances to EITEs using output-based allocation
- b) Periodically monitor carbon pricing policies and relevant federal policies
- c) Explore other policies or strategies to mitigate leakage

Method 2: Identify and target industrial sectors most at risk of leakage

- a) Develop objective approach for assessing leakage risk for EITEs in WA
- b) Apply an 'assistance factor' that differentiates no-cost allowances based on sectoral leakage risk
- c) Provide no-cost allowances/compensation to address leakage risk from purchased electricity

Method 3: Maintain decarbonization incentives and reward efficient production

- a) Continue using existing facility-specific carbon-intensity baselines
- b) Re-establish allocation baselines for EITEs with updated emissions/production data
- c) Transition EITEs to product-based benchmarks
- d) Enable new EITE facilities to be benchmarked against a comparable EITE facility
- e) Consign a portion of EITE allowance allocation with revenues used for EITE emission reduction projects
- f) Apply adjustments based on anticipated efficiency improvements or technological advancements by EITEs

Method 4: Align with program cap and emissions limits

- a) Apply a cap adjustment factor to EITE allowance allocation
- b) Establish an annual cap on total no-cost allowance allocation
- c) Prioritize allowance allocations for industries manufacturing products consistent with net-zero emission limits

Other policy design considerations

- Enable EITEs with covered emissions below 25,000 MT to receive no-cost allowances
- Expand consideration of environment justice impacts within EITE allowance allocation policies

Mural board activity

1. Does the proposed assessment framework in Document 3 reflect the considerations that are important to the parties you represent?
2. Are there any criteria or assessment questions missing from this list? If so, what would you add and why?
3. Do the policy options in Document 4 reflect the policy design considerations that are important to the parties you represent?
4. What other policy options should be considered alongside the potential options identified in Document 4?
5. What other thoughts would you like to share?





Next Steps

Next steps

- Interim feedback
 - Email to CCAETEIndustries@ecy.wa.gov by June 9
- Final feedback/comment
 - Submit via the [electronic comment platform](#) by Sept. 3
- Meeting materials and recordings available on the [EITE webpage](#)
- Joint Advisory Group meeting
 - [June 26 from 10:00 a.m. to 12:00 p.m.](#)



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Public comment opportunity

Guidelines for providing public comment

- Please use “raise hand” button to indicate that you wish to provide a comment or share in the chat.
- Up to two minutes per person
- Please keep the comments related to EITEs and the report to the Legislature
- Ecology will not respond to comments in this meeting
- To submit written comments, use our [comment platform](#)



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Photo taken outside of Washington

Thank you!

Adrian Young
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Resources

- [Notifications on EITEs and the report](#)
- [EITE Industries webpage](#)