



## EITE Industries Advisory Group Meeting

Meeting notes for Wednesday, June 5, 2025 | 9:00 – 11:30 a.m.

References: [Zoom recording](#); [Meeting presentation](#)

### Draft materials for discussion

**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.

**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.

### Welcome and introductions

- 15 of 23 industries advisory group members attended the meeting.
- The meeting began with a welcome, introductions, and housekeeping. The facilitator highlighted the meeting purpose, which was to discuss and provide feedback on draft materials shared at the May 29 joint advisory meeting, and reminded members to follow up with Drew Veysey at the Rocky Mountain Institute (RMI) with any questions or comments related to the RMI presentation, and Ecology with any questions or comments related to Eastern Research Group's (ERG) presentation. The facilitators also led members in a brief icebreaker poll to demonstrate the use of the polling tool.

### Joint meeting #2 recap

- The facilitator provided an overview of the second joint advisory group meeting held on May 29. The meeting included presentations from RMI on decarbonization pathways and ERG on environmental and economic impacts of EITEs. During this meeting, Ecology also presented on two draft documents: one describing a framework for assessing methods of EITE allowance allocation, and another describing potential methods for allocating allowances to EITEs for 2035-2050. The purpose of the May 29 meeting was to present key aspects of the draft materials and provide an opportunity for clarifying questions and initial comments.
- Members engaged in a pre-discussion poll to indicate their level of agreement with the statement "The draft Assessment Framework (described in Document 3) is suitable for identifying and assessing potential options for EITE allowance allocation." Of the members who completed the poll, 11% answered neutral and 89% said disagree.

### Discussion of draft materials

- The facilitator reviewed the purpose and content of the two draft documents shared in advance of the meeting and asked members to share any additional clarifying questions or comments before continuing to the group exercise.

- To structure the group's input, the facilitator introduced a virtual whiteboard exercise using Mural and invited members to provide written feedback using virtual sticky notes under four guiding questions:
  - *Does the proposed assessment framework in Document 3 reflect the considerations that are important to the parties you represent?*
  - *Are there any criteria or assessment questions missing from this list? If so, what would you add and why?*
  - *Do the policy options in Document 4 reflect the policy design considerations that are important to the parties you represent?*
  - *What other policy options should be considered alongside the potential options identified in Document 4?*
  - *What other thoughts would you like to share?*
- Members were given time to engage with the Mural board before the facilitator moved into group discussion.

### Document 3: Framework for assessing methods for EITE allowance allocation

- Member feedback and comments on draft findings in Document 3 included:
  1. Does the proposed assessment framework in Document 3 reflect the considerations that are important to the parties you represent?
    - *Comment:* Several participants expressed concern that the program does not adequately recognize early decarbonization efforts made by industries prior to the Cap-and-Invest Program. One noted that their facility already has one of the lowest carbon intensities (CIs) globally, and further reductions would be costly. Two members echoed this, emphasizing that many facilities have already implemented major efficiency improvements and should not be penalized for early action. Another member questioned whether Ecology is required to apply a uniform cap decline to EITEs post-2035, suggesting that the Legislature may have intended flexibility due to the significant progress some industries have already made. Another member warned that enforcing uniform baselines could lead to emissions leakage, by disadvantaging Washington's most efficient producers and shifting production overseas.
      - *Ecology Response:* Ecology stated that the framework is intended to maintain incentives for decarbonization, including recognizing past efforts. They acknowledged that the post-2035 emissions trajectory is constrained by statutory allowance budgets, and they are working within those limits. While they did not indicate a specific legal requirement for a uniform decline, they emphasized the challenge of balancing these constraints with industry realities.
    - *Comment:* A member raised concerns that the current rules may unintentionally discourage facility expansion, especially when such projects reduce criteria pollutants but don't increase production output. They noted that under current interpretation, expansions may only receive one compliance period's worth of allowances, creating a long-term emissions liability. Another member added that the framework should also consider investments in higher-value products that may increase emissions locally but reduce global emissions, suggesting a benchmarking approach that accounts for global efficiency and competitiveness.

- *Ecology Response:* Ecology acknowledged the concern and pointed to existing criteria in Table 1 of Document 3 related to new market entrants, which could potentially be adapted to address facility expansions. Ecology also noted that the output-based allocation method is designed to account for increased production, but recognized that not all expansions result in higher output. Regarding the other member's comment, Ecology referenced the concept of a scope-adjusted benchmark (discussed in Document 2), which could account for upstream or downstream carbon intensity improvements. While not currently included as an option, Ecology welcomed specific suggestions for new criteria or policy options that could better address these issues.
  - *Comment:* A member emphasized the importance of grounding the policy framework in the original legislative intent of SB 5126, noting that the bill does not suggest EITEs only face unique challenges in the early years of the Cap-and-Invest Program. They challenged the assumption in Document 3 that decarbonization becomes easier over time, pointing out that long-lived industrial equipment may be just as difficult to replace in 2035 as in 2025. They urged Ecology to re-examine assumptions that could unintentionally constrain the framework and offered to provide further input on criteria that reflect these realities. They also linked the Climate Commitment Act: [5126-S2.SL.pdf](#) in the chat and noted the sentence in question: "In establishing the Climate Commitment Act (CCA), the Legislature recognized that EITEs faced unique challenges in reducing their greenhouse gas emissions in the early years of the Cap-and-Invest Program."
    - *Ecology Response:* Ecology clarified that the statement about early-year challenges was part of communications context, not embedded in the criteria themselves. They acknowledged the concern and invited feedback on how the criteria could better reflect long-term decarbonization challenges. They also welcomed suggestions for additional or revised criteria that could address investment timelines and equipment life cycles.
2. Are there any criteria or assessment questions missing from this list? If so, what would you add and why?
- *Comment:* A member emphasized that economic harm to businesses is explicitly referenced in SB 5126 and should be reflected in the evaluation criteria. They suggested that this concept may go beyond competitiveness and encouraged Ecology to consider broader definitions of economic harm, possibly drawing from other entities.
    - *Ecology Response:* Ecology responded that they addressed this issue in Document 1, interpreting "economic harm" primarily through the lens of maintaining EITE competitiveness under carbon pricing. They acknowledged that no alternative interpretations had been proposed so far but welcomed suggestions for augmenting the criteria to better capture the legislative intent.
  - *Comment:* A member recommended that the "Mitigates emissions leakage" criterion in Table 2 of Document 3 should include a case study

analysis of several Washington EITEs to evaluate real-world leakage risks. They suggested this analysis be conducted before final recommendations are made to the Legislature and proposed that leakage might be important enough to be included in Table 1 of Document 3 (screening criteria). They emphasized the need for time and detail to properly assess leakage impacts and offered to support the effort from the industry side. Another member added in the chat that economic impacts and potential job loss related to leakage should be realistically assessed and incorporated into the evaluation framework.

- *Ecology Response:* Ecology agreed that assessing leakage risk is important and acknowledged the need for a structured, objective method to do so. They noted that while some methods exist, each has trade-offs, and the process is complex—often requiring more concrete policy options before meaningful analysis can occur. Ecology is already gathering data through ERG and sees value in including leakage analysis as part of the next phase, once a few preferred options are identified. They also acknowledged the suggestion to elevate leakage to a screening-level criterion and welcomed further input on how best to define and assess it.

3. Other thoughts on Document 3:

- *Comment:* A member asked whether Ecology envisions a “one size fits all” approach for EITEs, noting that each industry faces unique challenges and timelines for reducing Scope 1 emissions. They emphasized that Kaiser has already made significant progress and is now facing technological and scalability barriers. They suggested that alternatives like increased use of recyclable materials could offer near-term emissions reductions without waiting for new technologies and stressed the importance of maintaining flexibility to allow continued, measurable progress.
  - *Ecology Response:* Ecology acknowledged that the current framework is based on a uniform approach, but they are open to exploring differentiation moving forward. They invited feedback on how a more tailored approach could be structured to reflect the varying circumstances of different industries.
- *Comment:* A member from the oil industry asked whether there is a clear endpoint or standard for emissions reductions—such as achieving Best Available Technology (BAT)—that would indicate a facility has done enough. They expressed concern about whether facilities are expected to continue reducing emissions indefinitely, even after reaching BAT, or if there’s a point where further reductions are no longer required to avoid being forced out of the state.
  - *Ecology Response:* Ecology clarified that the Cap-and-Invest Program does not set facility-specific standards or caps, and instead operates at a program-wide level. However, they acknowledged that using BAT as a basis for allowance allocation is a valid policy option—previously discussed in Document 2—and invited stakeholders to suggest it for further consideration alongside other options in the framework.

#### Document 4: Potential methods for allocating allowances to EITEs

- Member feedback and comments on draft findings in Document 4 included:
  4. Do the policy options in Document 4 reflect the policy design considerations that are important to the parties you represent?
    - *Comment:* One member emphasized that preventing leakage requires a business case for continued investment in Washington, including ensuring imports face comparable costs and exports are offset. A member in the pulp and paper industry added that industries like pulp and paper must compete not only globally but also internally within their own companies for investment, and that compliance costs and uncertain returns on decarbonization technologies complicate this. Several other members, including from the refineries and food manufacturing industries, spoke up in agreement, noting that investment decisions often hinge on whether program costs tip the balance toward closure or relocation. Some stressed that consumer impacts and real-world market shifts (e.g., closures in California) are already demonstrating leakage. Others raised concerns about the RMI study, saying their feedback wasn't reflected and requesting full access to the report before further engagement.
      - *Ecology Response:* Ecology acknowledged that competitiveness is already part of the criteria but welcomed suggestions on how to better capture intra-company competition and investment dynamics. Adrian noted that these nuances may require deeper sector-specific analysis, potentially through case studies. He also recognized that consumer impacts could be considered as part of the evaluation criteria, while leakage and competitiveness remain central to the framework. Ecology is open to refining how these factors are assessed, especially as preferred policy options begin to take shape.
    - *Comment:* A member noted in the Mural board that the estimated cost of greenhouse gas mitigation cannot exceed the cost of building equivalent replacement refining capacity in unregulated jurisdiction. This comment was mostly addressed in previous conversation, and no other comments were made in response.
  5. What other policy options should be considered alongside the potential options identified in Document 4?
    - *Comment:* One member emphasized that Best Available Technology (BAT) must be considered as a compliance pathway, as referenced in legislation. They suggested BAT could serve as a benchmarking method rather than requiring fixed emissions reductions from 2035 to 2050. Two other members from oil and agriculture industries supported this, noting that BAT represents a practical ceiling for emissions reductions and that facilities should receive credit for reaching it. The member also referenced the MACT (Most Achievable Control Technology) program as a model, where technology reviews occur periodically (e.g., every 8 years), suggesting a

similar cadence could work for BAT-based assessments. Another member added that if BAT cannot currently be integrated into the program due to structural limitations, it should be flagged now so that legislative changes can be pursued to enable it.

- *Ecology Response:* Ecology acknowledged that BAT has been considered as a method for allowance allocation, interpreting it as the most stringent form of benchmarking as set out in Document 1. Adrian explained that while BAT could guide allocation levels, it would still need to operate within the overall cap and be periodically reassessed. They noted that implementing BAT-based allocation would require detailed facility-level analysis and ongoing updates, but confirmed it can be evaluated as a potential policy option.
- *Comment:* Another member clarified in the chat that when discussing competition within a company versus within a sector, the key distinction lies in capital investment decisions. Unlike market-based competition, internal company decisions are influenced by investment data and priorities across facilities, not just external market conditions. The comment aimed to highlight this nuance for a better understanding of how investment dynamics affect emissions and compliance strategies.

6. Other thoughts on Document 4:

- *Comment:* One member suggested that the end-use and value of products made by EITEs—such as aerospace components—should be considered in policy design. They noted that while recyclability and reuse are often emphasized, the market role and benefits of durable, high-performance products should also factor into how emissions and compliance are evaluated.
  - *Ecology Response:* Ecology acknowledged this point and indicated that such considerations could be addressed through scope-adjusted benchmarks and complementary policies outside the direct Cap-and-Invest framework. They expressed openness to exploring these options to better reflect the broader value and lifecycle impact of EITE products.
- *Comment:* One member raised a point about the need for political and business environments to support the long timeframes required to justify investments in decarbonization (e.g., electrifying boilers). Another member noted that they interpreted this as a recognition that industrial transitions take time, and while industries may be willing to act, they need sufficient time to implement changes.
  - *Ecology Response:* Ecology responded by saying that implementation timeframes were intended to be considered under the criterion of predictability. They emphasized that the sooner a clear allocation framework is established (for 2035–2050), the easier it becomes for industries to plan and commit to long-term investments. They also noted the importance of explicitly recognizing timeframes and suggested they might consider whether a separate criterion is needed to highlight this aspect more clearly.



- The facilitator then led members in a post-discussion poll to reassess their thoughts about the screening and assessment criteria after the group activity and discussion. Members were again asked to indicate their level of agreement with the statement “The draft Assessment Framework (described in Document 3) is suitable for identifying and assessing potential options for EITE allowance allocation.” Of the members who completed the poll, 10% said they agreed, 20% said neutral, and 70% said they disagreed.
- Members were also asked to indicate their level of agreement with the statement: “The proposed methods for EITE allowance allocation (described in Document 4) provide a reasonable set of options.” Of the members who completed the poll, 20% answered neutral and 80% said that they disagreed.

### Next steps

- The facilitator provided members with an overview of the next steps, including the following upcoming meeting:
  - Joint Advisory Group Meeting: June 26: 10:00 a.m. to 12:00 p.m.
- Members were also reminded to submit interim feedback on Documents 3 and 4 by June 9.

### Public comment opportunity

- The facilitator invited anyone wishing to make public comments to speak up. No public comments were provided at this meeting.
- The facilitator thanked members and attendees for their engagement, and closed the meeting.

### Resources and Assistance

- [Cap-and-Invest EITE webpage](#)
- Contact the Industrial Policy team at [CCAEITEIndustries@ecy.wa.gov](mailto:CCAEITEIndustries@ecy.wa.gov)
- [EITE Industries Advisory Group webpage](#) | [EITE Policy Advisory Group webpage](#)
- [Public Comment Form](#)