



EITE Industries Advisory Group Meeting

Meeting notes for Wednesday, July 31, 2025 | 9:00 - 11:30 a.m.

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

Draft materials for discussion

Document 6: Draft recommendations sets out the draft recommendations from the staff review of potential options for allocating allowances to emissions-intensive, trade-exposed industries (EITEs) from 2035-2050 to avoid leakage and maintain the competitiveness of EITEs within the Cap-and-Invest Program. The purpose of the document is to support discussions with advisory groups and enable interested parties and the public to provide feedback on the draft findings and information.

Welcome and introductions

- 13 of 23 industries advisory group members attended the meeting,
- The meeting began with a welcome, introductions, and housekeeping. The facilitator reminded attendees that today's discussion would build on the fourth joint meeting and would provide space to share feedback on the draft recommendations in Document 6 (shared on July 24). The facilitator also reviewed the goals for the meeting, provided instructions on how to use Mural (a virtual whiteboard tool), and led members in a brief icebreaker using Mural.

Joint meeting #4 recap

- The facilitator provided a brief overview of the fourth joint advisory group meeting held on July 24. The facilitator summarized Ecology's presentation on Document 6, which included nine draft recommendations for how allowances might be allocated to EITEs from 2035 to 2050. The facilitator also noted the discussion around complementary measures and environmental justice considerations.

Discussion of draft materials

- The facilitator provided a summary of Document 6 and then reviewed four framing questions to guide the group's review:
 1. What questions and feedback do you have about the draft recommendations?
 2. What feedback do you have on potential complementary measures to support decarbonization by EITEs?
 3. Are there other issues that should be considered when implementing the recommendations?
 4. What other information would help you in preparing written comments by September 3?
- The facilitator then introduced the Mural board and gave participants five minutes to add questions and comments onto the board, which were then reviewed and used to kick off a facilitated discussion, starting with Draft Recommendation 5.1.

Draft Recommendation 5.1 – Ecology should assess the environmental justice and economic impacts of the proposed policy options in Draft Recommendations 1.1, 1.2, 2.1, 2.2, 3.1, 3.2, 4.1 and 4.2 and interactions with existing Climate Commitment Act (CCA) policies.

- *Question:* An advisory member asked how Ecology envisions defining the scope of economic impact assessments—whether it includes direct facility impacts, community-level effects, job multipliers, and induced economic impacts such as local spending and tax revenue from

wages. They emphasized that large industries often bring in skilled labor from across the region, and these broader effects are important but sometimes omitted from standard analyses.

- *Ecology Response:* Ecology responded that ERG’s current modeling, including the use of IMPLAN, represents Ecology’s best effort to capture economic impacts and invited feedback on any gaps or missing elements.
 - *Member Response:* The member offered to share a draft report that provides relevant context and reiterated that large industrial employers bring skilled labor into regions, and that broader economic effects should be considered.
- *Question:* Another member asked how this recommendation aligns with Ecology’s ongoing CCA air quality rulemaking focused on reducing impacts in overburdened communities. They pointed out that this existing process already includes biennial reporting, identification of facilities, and planned actions, and questioned whether restrictions in the EITE recommendations would duplicate or conflict with that rulemaking.
 - *Ecology Response:* Ecology agreed that duplication should be avoided and noted that the intent of Recommendation 5.1 includes understanding how different policies intersect, not to necessarily propose new requirements on EITEs.
 - *Member Response:* The member added that economic impacts should also be considered when evaluating scope and alignment across regulatory efforts. They urged Ecology to clarify how these workstreams will relate to each other.
- *Question:* Another member asked whether restricting allocations for facilities located in overburdened communities or Tribal lands is part of existing statute.
 - *Ecology Response:* Ecology clarified that outreach to Tribes and communities is part of Ecology’s engagement strategy and not tied to any specific policy at this stage. While Ecology is required to consider impacts to Tribes under the CCA, there are no proposed restrictions on allocations in the draft recommendation. However, future rulemaking under the air quality program may identify facility-specific impacts on air quality that could inform offset or allocation decisions.

Draft Recommendation 1.1 – The Legislature should maintain Ecology’s authorization to provide no-cost allowances to EITEs from 2035 onwards provided it aligns with program objectives, allowance budgets, and emissions limits.

- *Question:* A member asked what planning horizon will be used when establishing future no-cost allocations, emphasizing that industrial investments and equipment operate on multi-year timelines. They encouraged Ecology to align allocation timelines with the long-term planning needs of industry.
 - *Ecology Response:* Ecology acknowledged the importance of certainty and said the goal is to provide clarity as soon as possible, though the timeline will depend on the strategy adopted. Ecology noted that the allocation approach could be either static or dynamic, each with its own implications for investment planning.
- *Comment:* Another member emphasized that long-term certainty is essential to create a stable investment environment and avoid leakage. They supported the previous comment and noted that unclear or shifting allocation structures can deter major decarbonization investments.
- *Question:* A member asked how Ecology would define “alignment” with program objectives, allowance budgets, and emissions limits in practice.
 - *Ecology Response:* Ecology responded that criteria will likely be developed to guide that alignment and welcomed feedback on what those criteria should include.

- *Comment:* Another member agreed with the need to continue providing no-cost allowances but raised strong concerns about the second part of the recommendation. They argued that it creates an inherent conflict between retaining industry and meeting program objectives, and that the lack of clear criteria for decision-making gives Ecology too much discretion. They noted that the recommendation appears to ask the Legislature to “write a blank check” without transparency.
 - *Ecology Response:* Ecology clarified that the statutory authority for EITE allowance allocation currently resides with the Legislature, and that this recommendation raises the question of how any future authority should be structured.
 - *Member Response:* The member responded that Ecology should work with industry now to define the criteria that would govern such decisions. They noted that all the recommendations hinge on how this question is answered and encouraged Ecology to acknowledge that more work is needed before proceeding.
 - *Ecology Response:* Ecology emphasized that their intent is not to take over decision-making from the Legislature but to explore potential policy options, which would include further discussion and legislative direction.
- *Comment:* A member contributed that a sharp drop-off or “cliff” in no-cost allocations could prompt significant shifts in production or facility closures. They stressed the need to avoid triggering leakage and maintain sufficient support to retain EITE facilities in the state.
- *Comment:* Another member recommended that if Ecology is granted future authority, it should be structured to allow facility-specific flexibility in allocation methodologies and preserve legislative intent. They noted that every sector is different, and the approach must reflect that.
 - *Ecology Response:* Ecology agreed that the framing of the recommendation could be revised to better reflect the need for flexibility.
- *Comment:* A member pointed out that the recommendation does not explicitly mention leakage, even though it is a required consideration under the statute.
 - *Ecology Response:* Ecology clarified that leakage was intended to be included under “program objectives,” but acknowledged the feedback and said the agency would consider making it explicit.

Draft Recommendation 1.2 – Ecology should monitor developments in carbon pricing policies in key jurisdictions and relevant federal policies as part of periodic program evaluations, including developments in carbon border adjustment mechanisms or alternative policies to address leakage risk.

- *Question:* A member asked whether Ecology has conceptualized how a Carbon Border Adjustment Mechanism (CBAM) would be executed at the state level.
 - *Ecology Response:* Ecology responded that the short answer is no—Ecology has not been tasked with developing CBAM implementation. The draft recommendation proposes to continue monitoring developments in this space, and it is not a directive for immediate action.
- *Question:* Another member asked whether EITE facilities would continue to have input if future reviews impact the rule or no-cost allowance allocations.
 - *Ecology Response:* Ecology responded that this is connected to previous discussion. Ecology recommends further work in the coming year, and depending on how outcomes are shaped (through rulemaking or legislation), there would likely be

ongoing engagement opportunities. What the process looks like in practice is still to be determined.

- *Comment:* A member emphasized the importance of a transparent process for selecting allocation methods and suggested that Ecology commit to regular review and updates as industries and markets evolve.
 - *Ecology Response:* Ecology responded that they have aimed to be transparent throughout this process and will continue to do so moving forward.

Draft Recommendation 2.1 – Ecology should develop an objective approach for assessing leakage risk for EITEs in Washington and assess the impacts of implementing an assistance factor that targets allowance allocation based on this objective approach.

- *Question:* A member asked why this recommendation uses the word “develop” rather than “assess,” as in other recommendations. They raised concern that it implies Ecology is planning to implement an assistance factor, referencing California’s unsuccessful attempt to adopt a similar model.
 - *Ecology Response:* Ecology clarified that the recommendation is about assessing whether an assistance factor is warranted. Ecology would need to develop a methodology in order to conduct that assessment effectively. The intent is not to suggest a pre-determined outcome.
- *Question:* Another member asked how quickly allocation rules or support measures could be adjusted if leakage is detected.
 - *Ecology Response:* Ecology responded that the CCA includes an existing mechanism for responding to leakage, but how quickly adjustments can be made depends on the authority Ecology has and the available data. This is a question Ecology plans to explore further under this recommendation.
 - *Member Response:* The member commented that the policy cycle may introduce delays, which could limit how responsive the program is.
- *Comment:* A member suggested that Ecology should assess the experiences of other jurisdictions (such as California and Oregon) before pursuing an assistance factor. They noted that Oregon’s assessment could not distinguish between sectors and that California ultimately abandoned the approach. They emphasized the importance of selecting appropriate criteria for assessing leakage risk.
 - *Ecology Response:* Ecology agreed, acknowledging that the tools available for assessing leakage risk are imperfect.
- *Comment:* Another member underscored that setting the assistance factor to 1 or higher is critical, as any lower value would result in leakage.
 - *Ecology Response:* Ecology noted that this builds on the broader discussion about challenges with leakage risk assessment.
 - *Member Response:* The member added that there is no precedent for successfully implementing an assistance factor in other programs.

Draft Recommendation 2.2 – Ecology should assess the implementation requirements and impacts of providing no-cost allowances to EITEs for addressing leakage risk associated with purchased electricity.

- *Question:* A member asked whether the allowances discussed in this recommendation would be in addition to the current no-cost allowances tied to a facility’s established carbon intensity baseline. They asked if these would function as enhanced support for electrification.

- *Ecology Response:* Ecology responded that the short answer is “most likely yes.” The intent would be to create a separate allocation method, which may support electrification, particularly in situations where facilities are transitioning from gas to electricity. Ecology is interested in evaluating the pros and cons of this approach and whether it would create effective decarbonization incentives.
- *Member Response:* The member also asked if the intent was specifically to support electrification of processes where electricity costs currently pose a significant barrier (e.g., electric boilers).
- *Ecology Response:* Ecology confirmed this is one of the areas the agency plans to examine as part of this recommendation.

Draft Recommendation 3.1 – Ecology should assess the implementation requirements and impacts of adopting product-based benchmarks or alternative methods for establishing allocation baselines for EITE allowance allocation.

- *Question:* A member asked how product-based benchmarking would work for EITE facilities that are mass-based participants or where greenhouse gas emissions don’t directly correspond to production volumes.
 - *Ecology Response:* Ecology responded that much of the current analysis has focused on carbon intensity baselines, but the agency is open to exploring alternative approaches such as energy-based benchmarks. Ecology noted that further conversations with facilities would be needed to understand how different methods apply in various situations and to evaluate the pros and cons of each.
 - *Member Response:* The member expressed interest in having those conversations and learning more about potential benchmarking approaches.
- *Comment:* Another member raised concerns about protecting confidential business information (CBI). They noted that with small data sets across different industries, product-based benchmarking could risk exposing sensitive information.
 - *Ecology Response:* Ecology acknowledged the concern and said further dialogue with facilities would be important when evaluating how to implement this recommendation.
- *Comment:* Another member commented that Ecology should ensure its decisions support a stable investment environment that encourages emissions reductions and avoids leakage. They noted that while the recommendation reasonably addresses this, it remains a complicated issue.

Draft Recommendation 3.2 – Ecology should assess the implementation requirements and impacts of using consignment to require EITEs to invest some of the value of their no-cost allowances in decarbonization projects.

- *Comment:* A member reiterated a point made at the previous policy advisory group meeting, highlighting that the recommendation leaves open the question of whether consignment would be optional or mandatory. They raised concerns about the lack of proportional allocation of funding to EITEs to support planning for such investments.
 - *Ecology Response:* Ecology responded that the agency’s current understanding is that consignment would likely need to be tied to specific criteria. The state cannot allocate revenue without conditions for how it would be used.
 - *Member Response:* The member clarified that some of these decisions may fall more under legislative authority than Ecology’s. They asked how consignment for EITEs

would differ from utility consignment, and referenced the Québec model, raising questions about whether consigned allowances would be conditional for receiving other funds, or potentially the only funding mechanism available. They emphasized the need to assess the downstream effects of such a policy.

- *Ecology Response*: Ecology agreed, noting that these are the types of questions Ecology would seek to address in the proposed assessment as part of this recommendation.
- *Comment*: A member emphasized that program design must accommodate longer project timelines. Many decarbonization projects require multi-year planning and cannot be implemented within a single year. They commented that the idea of consignment is interesting, but raised concern that requiring funds to be spent in the year they're consigned could limit the effectiveness of the policy.
 - *Ecology Response*: Ecology acknowledged the importance of factoring in project timelines and signaled that the recommendation is intended to reflect that consideration.
- *Comment*: Another member noted that the auction-based nature of allowance pricing would make it difficult to plan project investments based on projected revenue from consigned allowances.
 - *Ecology Response*: Ecology agreed that this is a valid concern and noted the issue would be similar to EITEs selling no-cost allowances on the secondary market.
 - *Member Response*: The member elaborated that in a scenario where an auction yields a lower-than-expected price, a funding gap could emerge, which would be very challenging for facilities planning investments.
- *Question*: A member asked whether there had been any internal discussion about how permitting timelines might affect implementation. They noted that permitting processes for industrial projects are often lengthy and could become a barrier.
 - *Ecology Response*: Ecology acknowledged that permitting is an important factor to explore as part of implementation planning. Ecology then clarified that this issue extends beyond consignment alone and would need broader consideration.

Draft Recommendation 4.1 – Ecology should assess the policy design requirements and impacts of implementing a cap adjustment factor to ensure EITE allowance allocation aligns with program allowance budgets and net-zero emissions limits.

- *No Mural comments/questions or discussion.*

Draft Recommendation 4.2 – Ecology should assess at least one alternative policy option that would achieve a similar outcome as a cap adjustment factor.

- *No Mural comments/questions or discussion.*

Feedback on Complementary Measures

- *No Mural comments/questions or discussion.*

Other issues or considerations

- *No Mural comments/questions or discussion.*

Next Steps

- The facilitator provided members with an overview of the next steps, including the following upcoming meeting:
 - [Cap-and-Invest: EITEs and Report to Legislature on allowance allocation public meeting](#): Aug. 6, 2025, from 10 a.m. to noon
- Ecology plans to reach out to members next week to schedule an in-person workshop with the Industries Advisory Group, currently expected to take place in August.
- Members were reminded that final written comments are due by September 3.
- Members were invited to schedule time with Ecology in September, with a request to email Ecology to confirm interest by August 15.

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 CCAIEITEIndustries@ecy.wa.gov
- [EITE Industries Advisory Group webpage](#) | [EITE Policy Advisory Group webpage](#)
- [Public Comment Form](#)