



## EITE Policy Advisory Group meeting summary

Meeting notes for Wednesday, May 7, 2025 | 9:00 – 11:00 a.m.

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

### *Draft materials for discussion*

**Document 1: Best practice policies for avoiding leakage** provides a review of ‘best practice’ policies for avoiding leakage and economic harm to businesses in carbon pricing programs. The document discusses the primary policies that have been used to address leakage under carbon pricing programs, e.g., the allocation of free or ‘no cost’ allowances to EITE industries, and compares Washington’s approach with other jurisdictions.

**Document 2: Methods for developing greenhouse gas benchmarks** provides a review of methods for developing greenhouse benchmarks for EITE facilities within carbon pricing programs. The document discusses key design considerations for establishing benchmarks for EITEs and the methods used in other jurisdictions, such as product-based benchmarking, including the potential role of best available technology assessments.

### 1. Welcome and introductions – Facilitation team

- 5 of 10 policy advisory group members attended the meeting, as well as 2 industry advisory group members.
- The facilitator (Ross Strategic) offered a welcome and advisory group members were introduced to the Ross Strategic team and the Washington Department of Ecology (Ecology) staff.

### 2. Joint meeting #1 recap - Ecology

- The facilitator provided an overview of the first joint advisory group meeting held the previous week. This meeting included a presentation of two draft documents: one on best practice policies for avoiding emissions leakage and the other on benchmarking methods for EITEs under carbon pricing programs. The purpose of the meeting was to give advisory group members the opportunity to ask clarifying questions and begin reviewing the draft findings.
- Advisory group members were also reminded of the EITE process, including collection of interim feedback after each advisory group meeting, as well as a public comment tool.

### 3. Discussion of draft materials – Advisory group members/Ecology

- The facilitator reviewed the purpose and content of the two draft documents shared in advance of the meeting. To structure the group’s input, the facilitator introduced a Mural board exercise and invited members to provide written feedback using virtual sticky notes under four guiding questions:
  1. Which draft findings in the report do you find most compelling and why?
  2. What are other important policy design aspects related to leakage or benchmarking that were not covered in the two documents?

3. *What are other examples of global best practice policies that should be considered by Ecology?*
  4. *Are there any specific characteristics of Washington EITEs or the Cap-and-Invest Program that need to be considered when reviewing best practice policies?*
- Members were given time to engage with the Mural board, which served as a foundation for the rest of the discussion.

**Document 1: Best practice policies for avoiding leakage**

- Key elements of the discussion on leakage include:
  - o *Comment:* A member opened the discussion with reflections on the development of the California's cap-and-trade program, noting that while you don't need perfect alignment for linkage, there are potential benefits of consistency in benchmarking approaches across jurisdictions for companies operating in both states.
    - *Ecology Response:* acknowledged that while Washington is learning from other jurisdictions, its starting point and program design differ in significant ways that must be considered.
  - o *Comment:* Another member expressed interest in cap adjustment factors used by California to manage allowance allocations over time. They raised questions about how these could be applied in Washington and what implications they would have if phased in around 2035.
  - o *Comment:* A member noted that Washington's 7% annual cap decline is far more aggressive than California's initial 1.9%. They pointed out that Washington's hydro-dominant electric grid was already relatively green, making steep reductions more challenging for EITEs in Washington than in California, which benefited from phasing out coal.
    - *Ecology Response:* agreed that this reflects the importance of accounting for state-specific conditions when designing policy.
  - o *Comment:* A member representing the Washington Public Ports Association emphasized the importance of viewing leakage risks through the lens of the entire supply chain, not just individual facilities. They clarified that many EITEs operate as port tenants and rely on rail, vessel transport, and intermodal systems. They encouraged a more comprehensive view of where leakage can occur, especially in maritime and goods movement sectors.
  - o *Question:* A member raised questions about how California supports EITE electricity costs, asking whether allowances are allocated to utilities or directly to industry.
    - *Ecology Response:* explained that in California, investor-owned utilities receive no-cost allowances, which are then returned to EITEs through credits that involve benchmarking methods. Also noted that the California Air Resources Board (CARB) is considering changes to possibly issue credits directly to EITEs, and said this kind of approach could allow more targeted leakage mitigation.
  - o *Comment:* A member representing Cowlitz Public Utility District voiced concern about the feasibility of meeting both Clean Energy Transformation Act (CETA) and Cap-and-Invest requirements, given limits on firm clean electricity supply. They warned that lack of sufficient energy could deter industrial investment in both new and existing EITEs, even if businesses are willing to purchase allowances. They added that while Cowlitz County is attractive to industries due to rail and water access, power availability remains a constraint. They called for more flexibility in allowance policy,

potentially including increased allocation levels, even if that meant deviating from the cap trajectory.

- *Ecology Response:* acknowledged that adjusting the cap is outside Ecology's current scope but encouraged members to share suggestions for complementary policies that could support EITEs.
- o *Comment:* A member noted that Document 1 mentions how a modified cap trajectory could influence leakage mitigation strategies, but they felt it didn't fully explore the tradeoffs.
  - *Ecology Response:* welcomed the member to follow up with feedback on specific language and emphasized that the documents are intended to outline design considerations, not prescribe solutions.

#### Document 2: Methods for developing greenhouse gas benchmarks

- Key elements of the discussion on benchmarking include:
  - o *Comment:* A member noted that Document 2 may understate how complex benchmarking actually is. They reflected on California's experience, where facilities with different processes, equipment, and terminology made standardization challenging.
    - *Ecology Response:* noted that benchmarking can be resource-intensive and requires close collaboration with industry. Noted that Ecology has received similar feedback from CARB and other jurisdictions about resourcing requirements.
  - o *Comment:* Another member emphasized the need for extensive time and engagement to explore what might work for Washington's refinery sector.
  - o *Facilitator Question:* Should the complexity of benchmarking be made more explicit in Ecology's report?
    - *Member Response:* A member agreed that it should be clearly stated, especially in communications with the Legislature, to ensure sufficient time, resources, and protections (e.g., confidentiality) are built into any future implementation.
    - *Member Response:* Another member acknowledged the complexity but said benchmarking remains a best practice and has been implemented in smaller jurisdictions like Québec. They expressed strong support for exploring it further in Washington.
  - o *Comment:* A member referenced a previous discussion about using alternative technology, not just best available technology (BAT), to allow flexibility in compliance.
    - *Ecology Response:* Noted that carbon markets typically avoid prescribing specific technologies to preserve flexibility, and Washington's program currently allows EITEs to choose any approach that reduces covered emissions.
    - *Member Response:* The member also highlighted the value of abatement incentives for efficient facilities and applauded their inclusion in the documents.
    - *Ecology Response:* Confirmed that maintaining abatement incentives is a core objective of output-based allocation and benchmarking. Explained that facilities that lower their emissions intensity while maintaining production

would continue receiving equivalent allowance volumes under current EITE allocation policy.

- **Polling exercise:**
  - o To close out the session, Ross Strategic facilitated a live polling exercise using Poll Everywhere. The goal of the activity was to gather initial feedback from advisory group members on key discussion topics related to emissions leakage and benchmarking. Participants were asked to respond to three questions, each reflecting on their views following the day's discussion:
    - *Based on today's discussion, do you think EITE allocation should more directly target leakage risk from purchased electricity as part of future EITE allocation policy in WA?*
      - In response to this question, 17% of members strongly agreed, 33% agreed, 33% remained neutral, and 17% disagreed.
    - *Based on today's discussion, do you think the adoption of benchmarking for new and/or existing EITEs should be part of future EITE allocation policy in WA?*
      - In response to this question, 14% of members strongly agreed, 43% agreed, 43% remained neutral, and no one disagreed.
    - *Based on today's discussion, do you think best available technology (BAT) as a basis for EITE allowance allocation has a role in future EITE allocation policy in WA?*
      - In response to this question, no members strongly agreed, 29% of members agreed, 43% remained neutral, and 29% disagreed.
  - o Responses to the polling exercise were not read aloud during the session but were intended to supplement the input collected via the Mural board and discussion.

#### 4. Next Steps – Facilitation team

- Ecology staff reminded members and attendees how to submit comments using the [CCAITEIndustries@ecy.wa.gov](mailto:CCAITEIndustries@ecy.wa.gov) email and [Public Comment Form](#). Ecology noted that members are not required to provide written feedback, but the option is available.
- interim feedback on the presented documents is due on the Monday after each advisory group meeting (May 12th for this meeting).
- The online public comment platform will close on September 3<sup>rd</sup>, 2025.
- Upcoming Meetings include:
  - o EITE Industries Advisory Group: [May 8 from 9:00 a.m. to 11:00 a.m. \(meeting link\)](#)
  - o Joint Advisory Group Meeting: May 29: 10:00 a.m. to 12:00 p.m. ([meeting link](#))

#### 5. Public comment opportunity – Public/Facilitation team

- Facilitators made space for public comments and noted that members of the public may also provide written comments by email at [CCAITEIndustries@ecy.wa.gov](mailto:CCAITEIndustries@ecy.wa.gov).
- There were no public comments made during this meeting.

## 6. Resources and Assistance

- Contact Adrian Young at [CCAETEIndustries@ecy.wa.gov](mailto:CCAETEIndustries@ecy.wa.gov)
- [EITE Industries Advisory Group webpage](#)
- [EITE Policy Advisory Group webpage](#)
- [Cap-and-Invest EITE webpage](#)
- [Public Comment Form](#)