



EITE Policy Advisory Group Meeting

Meeting notes for Wednesday, June 4, 2025 | 9:00 – 11:00 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

- 8 of 10 policy advisory group members attended the meeting, as well as 2 industry advisory group members.
- 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 how useful they felt the proposed screening criteria laid out in the draft materials would be for determining viable options for EITE allowance allocation. Of the members who completed the poll, 11% said useful, 56% said mostly useful, and 33% said they did not have an opinion at this time.
- Members were also asked to indicate how useful they felt the proposed assessment criteria would be for comparing/evaluating EITE allowance allocation. Of the members who completed the poll, 11% said useful, 33% said mostly useful, 33% said not very useful, and 22% said they did not have an opinion at this time.

Discussion of draft materials

- The facilitator reviewed the purpose and content of the two draft documents shared in advance of the meeting, and asked for 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 and invited members to provide written feedback using virtual sticky notes under five 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:* One member emphasized the importance of maintaining incentives and minimizing implementation costs as outlined in Document 3, Table 2. Another member agreed with these points and added that alignment with the allowance budget is also a key consideration for them.
 2. Are there any criteria or assessment questions missing from this list? If so, what would you add and why?
 - *Comment:* One member suggested that fairness should be explicitly included in the market functionality considerations. They highlighted concerns about fairness to other complying industries, especially in California's context and in relation to linkage. Specifically, they questioned whether it is fair for some industries to receive up to 93% free allowances while others face more stringent benchmarking in other markets.
 - *Ecology's Response:* Ecology acknowledged the concern and stated that they are considering linkage as a criterion though these types of considerations related to linked markets can be evaluated.
 - *Comment:* One member asked why economic and environmental justice (EJ) considerations are not included in the scoring criteria, noting that this wasn't clearly explained. They pointed out that many of the criteria require technical understanding, and questioned why economic and EJ aspects were excluded on that basis. They proposed that even if a full analysis isn't possible now, it would be helpful to include qualitative explanations of potential outcomes. Overall, the member emphasized the need for clearer communication on how economic and EJ considerations will be incorporated into the evaluation process, even if it's through an iterative approach.
 - *Ecology Response:* Ecology agreed and explained that economic and EJ considerations are difficult to assess at this stage due to the lack of detailed options and the need for more quantitative analysis. They

acknowledged that current limitations in data and a tight timeframe have influenced what could be included. However, they agreed that incorporating qualitative insights and iterating on these aspects as the process evolves would be valuable.

- *Comment:* One member asked whether the option allows for allowance allocation to other covered entities in line with legislative intent. They emphasized that the Legislative intent includes allocating allowances to electric and natural gas utilities, and that impacts to both EITE industries and utility customers should be mitigated—suggesting this fits under the screening criteria.
 - *Ecology Response:* Ecology confirmed that this intent is meant to be captured under Screening Criterion #1, which refers to total no-cost allowances. They acknowledged the complexity and variability in allocations, noting that utility allocations depend on dynamic factors, and EITE allocations vary with production levels and facility participation. Despite these uncertainties, the criterion is intended to encompass both utility and EITE considerations.
 - *Comment:* This member also raised concerns about how the assessment framework accounts for interactions with other policy drivers, such as the Clean Energy Transformation Act (CETA) and the Clean Fuel Standard. They noted that while these policies are intended to work together to meet greenhouse gas limits, they could also create compliance challenges, and this potential conflict should be more thoroughly examined.
 - *Ecology Response:* Ecology agreed that this is an important point and acknowledged it isn't explicitly addressed in the current framework. They indicated that such cross-policy alignment issues would likely be considered later in the process under a broader category of "other considerations," alongside economic and environmental justice impacts.
3. Other thoughts related to Document 3:
- *Comment:* One member expressed that the proposed scoring criteria in Table 3 of Document 3 is confusing and doesn't allow for easy comparison between options. They suggested switching to a numerical scoring system to make it clearer which ideas rank higher.
 - *Ecology Response:* Ecology responded that the current system is essentially a scale from -2 to +2 and indicated they are open to adopting a more numerical format. Another member spoke up in support of the idea, noting that such a scale would be easier to understand.
 - *Comment:* Another member emphasized the importance of considering economic impacts not only on primary industries but also on related industries that depend on them. They suggested that these broader ripple effects should be included in the economic impact analysis.
 - *Ecology Response:* Ecology agreed and noted that the ERG analysis is intended to capture both direct and indirect impacts on EITE industries. They welcomed feedback on whether the current analysis

is sufficient and invited suggestions for improving how these broader economic effects are assessed.

- *Comment:* A participant asked whether each assessment criterion is intended to carry equal weight, or if some—like emissions leakage—should be prioritized over others such as market functionality. They wondered how tiebreakers would be handled and whether a weighting system should be considered.
 - *Ecology Response:* Ecology acknowledged the question and clarified that, for now, all criteria are being treated as equally weighted. They explained that assigning different weights was considered but ultimately deferred, as it may be more useful to revisit this after the initial assessment results are available. Ecology welcomed feedback on prioritization but suggested that weighting might be better addressed in a later phase of the process.
- *Comment:* One member noted that they appreciated the inclusion of market linkage compatibility in the framework and asked for clarification on how Ecology is interpreting this—whether it’s focused solely on administrative alignment or also includes alignment with how EITE industries are treated.
 - *Ecology Response:* Ecology explained that compatibility with market linkage is currently part of the screening criteria, aimed at ensuring that proposed options do not disrupt ongoing rulemaking and plans for linkage. They emphasized that the focus is on avoiding actions that could derail these efforts. While they haven’t received specific concerns from California or Québec about differences in EITE treatment, they acknowledged that such differences exist but haven’t been identified as barriers to linkage so far.

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 commented in the Mural that “The framework is sound, but the assessment options appear to conflict in several instances.” However, no one claimed this comment, so there was no further discussion.
 - *Comment:* In response to whether the policy options in Document 4 reflect important design considerations, one member emphasized that maintaining decarbonization incentives and rewarding efficient production are key priorities for the stakeholders they represent.
 - *Comment:* Another member noted in Mural that they were “overall, most excited about Options 3 and 4, though pieces of 1 and 2 will also be important.”
 5. What other policy options should be considered alongside the potential options identified in Document 4?
 - *Comment:* One member asked what California and Québec do to mitigate leakage as potential linkage partners.

- *Ecology Response:* Ecology responded that the approaches used by California and Québec were outlined in earlier documents (Documents 1 and 2). They noted that many of the current policy options being considered draw on methods used by those jurisdictions, but would need to be adapted to fit Washington’s specific context. Ecology noted that they are considering alignment and any impediments to leakage as per the assessment and are open to feedback from California and Québec.
- *Comment:* One member suggested exploring the creation of targeted funds similar to the EU’s Innovation and Modernization Funds. They highlighted the value of competitive grants for industry and infrastructure support, particularly to address grid capacity limitations that hinder electrification. Another member supported the idea, noting the potential to use consigned revenue to design more intentional industrial decarbonization grants.
 - *Ecology Response:* Ecology acknowledged the idea and noted that such funding mechanisms could fall under the broader “invest” component of the Cap-and-Invest Program. They explained that this could involve how Climate Commitment Act (CCA) revenues are appropriated including through options like consignment. While not a core part of the current policy options, they recognized it as a relevant and complementary strategy worth considering.
- *Comment:* A participant recommended evaluating carbon recycling and sequestration opportunities, noting their growing potential—particularly for capturing smokestack emissions for reuse or storage. They also highlighted the importance of tracking Border Carbon Adjustment developments in California and the EU, and suggested a more sector-specific approach to policy design, given the wide variation in EITE facility types and scales.
 - *Ecology Response:* Ecology acknowledged the potential value of a sector-specific approach and confirmed they are exploring whether future policy should differentiate between industries based on factors like leakage risk or emissions alignment. They welcomed written feedback on how such differentiation could be structured. Regarding carbon capture and reuse, Ecology agreed it should reduce covered emissions but noted that regulatory clarity may be lacking. They expressed openness to feedback on how reporting requirements might be limiting adoption of these technologies and recognized the need to align with how other jurisdictions treat captured emissions.
- *Comment:* One member urged that a Carbon Border Adjustment Mechanism (CBAM) should not be dismissed without further legal research. They noted that California’s treatment of imported electricity is similar and has not faced legal challenges. They emphasized that while administrative feasibility should be considered, CBAM remains a potentially valuable tool and should stay on the table for further exploration.
 - *Ecology Response:* Ecology acknowledged that CBAM is a novel and complex concept and agreed it should not be entirely ruled out. However, they explained that due to time and resource constraints, it

is currently being treated as a longer-term consideration. They emphasized the need to monitor developments in this area and revisit the option as more clarity and feasibility emerge.

6. Other thoughts related to Document 4:

- *Comment:* One member raised concerns about the zero-sum nature of allowance allocation under a fixed cap, warning that prioritizing EITE industries could unintentionally harm other covered sectors. They emphasized the need for flexibility in the cap or compliance pathways to preserve industrial viability, especially when decarbonization is not feasible. They also suggested that auction revenues should be used to support electrification and decarbonization, and that the Legislature might need to consider statutory changes if feasibility barriers arise. Another member also voiced agreement in the chat.
 - *Ecology Response:* Ecology acknowledged the concern but clarified that their current scope is limited to working within the existing cap and allowance budgets set by law. While they can note challenges and pass them along, recommending changes to the cap itself is outside their mandate. They emphasized that the focus of this process is on EITE allowance allocation from 2035 to 2050 within the current Cap-and-Invest framework.
 - *Follow-Up:* Another member expressed discomfort with the idea of shifting the cap under the Cap-and-Invest Program, emphasizing that such a move would be problematic. However, they acknowledged the financial challenges industries face in decarbonizing and noted that existing funding mechanisms like Climate Commitment Act (CCA) revenues or consignment may not be sufficient. They suggested that proposals like RMI's industrial decarbonization Green Bank could be promising alternatives to help cover the high costs of industrial decarbonization projects.
- *Comment:* A member emphasized that any provision of no-cost allowances for purchased electricity should be consistent with what is already provided to the electric sector. They highlighted the need for careful analysis to avoid duplicating coverage or reallocating allowances from utilities to EITEs. The goal should be to reduce compliance costs for EITEs without undermining existing utility allocations.
 - *Ecology Response:* Ecology acknowledged the concern and agreed that this option would require significant analysis. They noted that it would involve assessing leakage risk specific to purchased electricity, determining appropriate mitigation, and ensuring no duplication between utility and EITE allocations. They appreciated the feedback and recognized the complexity of designing such an approach.
- *Comment:* Another member made a related, emphasizing that electricity compliance under the CCA is highly complex, especially when layered with the Clean Energy Transformation (CETA) requirements. They noted that utilities initially expected full mitigation of CCA costs due to CETA compliance, but in practice, the burden is only partially mitigated, not eliminated. They stressed

the importance of ensuring any new policies—such as providing no-cost allowances for purchased electricity—are additive and do not unintentionally shift costs or create inequities between sectors.

- *Ecology Response:* Ecology acknowledged the complexity and noted that many of these issues stem from the technical methods and formulas used to calculate allowance allocations. They recognized that both utilities and EITEs face challenges once allocation methods are applied and confirmed that these technical nuances are on their radar.
- In the chat, another member noted that it would be helpful to have EITE and electric sector discussions with applicable Ecology staff to address the mitigation issue brought up here.
- Ecology emphasized that if there are other options that weren't in the documents, to send them by June 9 with some explanation for Ecology to include in their assessment.
- The facilitator then led members in a post-discussion poll to re-assess their thoughts about the screening and assessment criteria after the group activity and discussion. Members were again asked to indicate how useful they felt the proposed screening criteria laid out in the draft materials would be for determining viable options for EITE allowance allocation. Of the members who completed the poll, 22% said useful, 56% said mostly useful, and 22% said not at all useful.
- Members were also asked again to indicate how useful they felt proposed assessment criteria would be for comparing/evaluating EITE allowance allocation. Of the members who completed the poll, 33% said mostly useful, 56% said not very useful, and 11% said not useful at all.
- Members were then asked if the proposed methods for EITE allowance allocation provide a reasonable set of options. Of the members present, 22% said yes, 33% said no, and 44% said they did not have an opinion at this time.
- Finally, members were asked if there were other options Ecology should consider. One member noted that it will be important to consider what options we can reasonably implement before 2035 to ease transition – this had been included by Ecology, but members did not discuss today. They also noted interest in exploring the Carbon Border Adjustment Mechanism (CBAM). Another member noted that Ecology should consider energy availability, reliability, and constraints for industry transition.

Next Steps

- The facilitator provided members with an overview of the next steps, including the following upcoming meetings, noting that policy advisory group members are welcome to join as attendees for industries advisory group discussions:
 - [EITE Industries Advisory Group Meeting](#): June 5 from 9:00 a.m. to 11:30 a.m.
 - [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.

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- 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](#)