



EITE Policy Advisory Group Meeting

Meeting notes for Wednesday, July 2, 2025 | 9:00 – 11:00 a.m.

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

Draft materials for discussion

Document 5: Review of methods for allocating allowances to EITEs for 2035-2050 sets out the draft findings 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

- 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 reviewed the purpose of the meeting, which was to gather feedback on Ecology's draft materials (Document 5 and the summary table shared June 30), with the goal of helping shape the policy options for inclusion in the upcoming legislative report. The facilitator emphasized that this meeting marks a key point in Phase 2 of the engagement process, offering advisory members a focused opportunity to provide input.
- To support interactive engagement, participants used a combination of Zoom chat and Poll Everywhere to contribute and upvote ideas during the discussion. The facilitators led members in a brief icebreaker poll to demonstrate the use of the polling tool.

Joint meeting #3 recap

- The facilitator provided an overview of the third joint advisory group meeting held on June 26. The meeting included presentations from Pacific Northwest Utilities Conference Committee (PNUCC) and Energy and Environmental Economics (E3). Crystal Ball from PNUCC shared insights from regional power planning studies, highlighting existing electricity resources, projected demand growth, and the emerging gap between supply and need. She also raised concerns about resource adequacy and long-term reliability. Dan Aas from E3 focused on industrial electrification and the capacity of the Pacific Northwest electric system. Dan discussed current resources and projected needs, noting the evolving role of natural gas in power generation and industrial use. Following the presentations, Ecology introduced and walked through Document 5. Advisory group members had an opportunity to ask clarifying questions and share initial feedback on the scoring and key findings.
- Following the Joint meeting #3 recap, the facilitator invited members to share any observations from the presentations or discussion, or any prepared comments in response to Document 5. No members requested to do so.

Discussion of draft materials

- To facilitate feedback and discussion on Ecology's draft assessment of post-2035 allowance allocation options (Document 5), the facilitation team used an interactive polling tool (Poll Everywhere). This tool enabled Policy Advisory Group members to respond to open-ended questions and upvote comments or questions submitted by others. The intent was to identify

areas of alignment or concern across the group and generate a focused discussion. Prior to the exercise, the facilitator explained the context for Document 5 and noted that it builds on earlier drafts by incorporating feedback and outlines 16 policy options across four design considerations. The group was asked three questions during the session. The facilitation team highlighted the top-voted responses and opened the floor to discussion, with Ecology responding to comments and clarifying assumptions underlying the scoring and analysis. Member poll responses and discussion on the 3 questions are captured below.

1. What questions do you have about the key findings presented?

- *Comment/Question:* A member asked for clarification on what Ecology meant by “findings,” explaining that their main concerns centered around the scoring criteria, particularly the “administrative burden” category. They noted that the scoring collapsed very different issues (such as legal complexity, staffing needs, and implementation challenges) into a single rating. This made it difficult to understand what the actual barrier was for any given policy option, or how much weight it should carry in overall decision-making.
 - *Ecology Response:* Ecology responded that the findings were part of an initial, high-level screening based on known considerations and trade-offs. Ecology acknowledged the members’ concerns and agreed that the category of administrative burden encompasses different components that may need to be disaggregated in future iterations to better inform decision-making.
 - *Member Response:* The member recommended that Ecology consider unpacking each scoring criterion further so interested parties could see the specific barriers that might arise and better evaluate feasibility across options.
- *Comment:* A member shared through Poll Everywhere a comment about the carbon border adjustment mechanism (CBAM), noting that it was referenced in Document 5 but not defined.
 - *Ecology Response:* Ecology responded that CBAM was defined in Document 1 and acknowledged that Document 5 should have included a more explicit reference. The definition from Document 1 was entered into the chat: “*The establishment of Carbon Border Adjustment Mechanisms (CBAM) which imposes a carbon price on imports of energy or emissions intensive products from countries with less stringent climate policies.*”

2. What thoughts do you have on the key choices that were identified in the draft assessment?

- Ecology opened the discussion by acknowledging that several of the key policy options identified in Document 5 were closely balanced. Ecology emphasized that the scoring system used in the assessment doesn’t always provide a definitive answer and invited members to weigh in on whether Ecology had identified the right key choices and what direction the agency should be considering.
- *Comment/Question:* A member expressed support for Option 1A (output-based allocation with no-cost allowances), noting it’s the direction Washington appears to be trending, particularly in alignment with California’s approach. They asked whether Ecology had heard directly from California about challenges with implementing this approach, especially around providing certainty to utilities and maintaining flexibility in the program.
 - *Ecology Response:* Ecology responded that while they’ve engaged in some dialogue with California and Québec, much of what Ecology has heard was also shared in

those forums. While additional conversations are ongoing, Ecology has drawn insights from other jurisdictions like Colorado as well, particularly regarding the complexities of developing product-based benchmarks or applying best available technology.

- *Member Response:* The member stressed the value in understanding how those jurisdictions balance commitments under output-based allocation with meeting emissions targets. They noted that California's longer program history could provide important lessons, even if only through nuanced conversations.
- *Comment/Question:* A member commented that it might be helpful to discuss the key policy options one by one in future meetings, given the volume and complexity. They voiced support for output-based allocation (Option 1A) coupled with a cap adjustment factor (Option 4A). They also asked whether the allocation would cover the full cost of purchased electricity or just the differential compared to other fuels.
 - *Ecology Response:* Ecology responded that this question is still open. Ecology hasn't assessed that level of detail yet and recognizes that more work would be needed to explore the mechanics and implications. They explained that purchased electricity as an allocation option emerged relatively late in the analysis process, and the agency is still determining whether it should be pursued further.
 - *Member Response:* The member noted that they would prefer an assistance factor approach (Option 2B) over covering electricity costs outright (Option 2C), especially since electricity use doesn't incur costs under Washington's Cap-and-Invest program. They mentioned that California had also explored an assistance factor for electricity.
 - *Ecology Response:* Ecology clarified that the two approaches (assistance factors and purchased electricity allocations) aren't mutually exclusive. Ecology could pursue one, both, or neither. However, there are interactions and dependencies between these policy tools that Ecology needs to better understand. For example, California's purchased electricity allocation approach is linked to product-based benchmarks, and it's unclear whether such policies could stand alone.
- *Comment:* A member contributed a written comment via Poll Everywhere, stating that Option 1A (output-based allocation with no-cost allowances) appears to be a viable option, but they cautioned that allowances must be provided in a way that prioritizes market realities over cap policy. They added that Option 1C (CBAM and phase out of no-cost allowances) does not fully address competitive concerns.
- *Comment:* Another member raised a concern about inconsistencies in the scoring of administrative burden between Option 2B (assistance factor) and Option 2C (purchased electricity allowances). They noted that while both options received the same overall score, 2C was rated as having a higher administrative burden, despite appearing similarly complex. They emphasized that without more explanation, it's hard to understand why one option is considered more burdensome than the other.
 - *Ecology Response:* Ecology responded that 2C involves developing a new mechanism for accounting for purchased electricity, which requires entirely new data and methods. In contrast, 2B's use of an assistance factor fits more easily within the existing framework. Ecology acknowledged that the rationale for these differences wasn't clearly communicated in the summary and said they would consider adding more detail in the final report to clarify scoring decisions.

3. Now that you've reviewed Doc 5 and the key findings, are there other policy options that you suggest Ecology should assess?

- *Comment:* A member recommended that the group spend more time discussing Policy Design Considerations 3 and 4, as those had received less attention so far. They suggested Ecology consider consignment (Option 3E), referencing California's approach where electric utilities are required to consign allowances and either buy them back or use the revenue for compliance. They proposed that Washington's consignment option could be designed with more flexibility to support similar uses.
 - *Ecology Response:* Ecology agreed that there are several implementation details that could be further developed. The assessment helped reveal areas like consignment that would benefit from clearer direction, and Ecology is looking for feedback to determine the appropriate level of pursuit for those options.
 - *Member Response:* The member further commented on Option 3C (product-based benchmarking), stating their preference for product-based benchmarking over maintaining the existing baseline (Option 3A). They acknowledged the administrative complexity but emphasized that emissions and industrial processes are likely to evolve by 2035, making 3C the more forward-looking choice.
- *Comment:* Another member added that the feasibility of 3C will differ by sector, as products, energy demands, and capital limitations vary. They emphasized that planning processes for industrial investments already look out to 2035 and beyond, so the policy decisions made now need to account for that timeline.
 - *Ecology Response:* Ecology responded that they recognize this uncertainty and are trying to prioritize options that provide more near-term clarity. They noted that options like 3A (retain existing baseline) offer more certainty now, which is why they scored higher in the draft assessment.
- *Comment:* A member agreed with the previous comment, stating that while many companies are exploring decarbonization strategies, there remains significant uncertainty. They stressed the importance of regulatory clarity to support long-term planning.
- *Comment:* Another member noted Option 4A (cap adjustment factor) seems promising, especially given its use in California. They commented that Option 4C (net-zero industry prioritization) would provide differentiated treatment for products aligned with net-zero goals. They cautioned that the definition of such products would need to be carefully curated, as it could vary significantly depending on the sector and emissions profile.
 - *Ecology Response:* Ecology agreed, noting that 4C represents a novel approach that would require new criteria and, potentially, alignment with the state's Comprehensive Climate Action Plan, which is still in development. They added that it could take significant work to fully define what that option would entail.
- *Question:* A member asked whether Ecology intends to pick one comprehensive policy option or combine several elements across the four policy design considerations.
 - *Ecology Response:* Ecology explained that the assessment has helped identify potentially preferred options from different policy areas. While some combinations are clearer than others, Ecology is still evaluating what a final recommendation might look like. They noted that Option 1A (output-based allocation with no-cost allowances) appears to be a preferred option, and that an option from Policy Design Consideration 4 is required, though more analysis is needed. The path forward will likely include one or more elements from each of the four policy design considerations.

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](#): July 3 from 9:00 a.m. to 11:30 a.m.
 - [Joint Advisory Group Meeting #4](#): July 24 from 10:00 a.m. to 12:00 p.m.
- Members were also reminded to submit interim feedback on Document 5 by July 8.

Public comment opportunity

- The facilitator invited anyone wishing to make public comments to speak up.
- One member of the public representing The Nature Conservancy provided a comment, saying that it is critical for the EITE program to reduce emissions in alignment with the overall cap while also protecting against emissions leakage. They noted that reducing emissions is the fundamental purpose of the Climate Commitment Act (CCA) and should remain a central focus of policy design. The commenter also emphasized the importance of certainty, not only in program structure but specifically in ensuring that EITE entities have certainty around emissions reduction requirements. This certainty is essential to supporting long-term capital planning, particularly over a 10-year or longer horizon. The commenter addressed two specific policy options from Document 5. On Policy Option 3E (consignment), they pointed out that Ecology is already using consignment for gas and electric utilities and argued that it is an effective tool for making economic tradeoffs more transparent. Through consignment, EITEs still receive the full value of their no-cost allowances, but it becomes clear they are choosing to continue purchasing allowances rather than investing in decarbonization. The commenter recommended that Ecology consider requiring that a portion of consigned allowances be dedicated to decarbonization investments and noted that further analysis of this approach would be useful. On Policy Option 4D (sector-specific benchmarking and reduction schedules), the commenter noted that this option addresses the need for certainty. They expressed concern that Option 4D was scored negatively under the leakage mitigation criterion due to assumptions about program design and urged Ecology to be explicit about those assumptions. They encouraged Ecology to think creatively about how to address those concerns and improve the option's overall effectiveness.
- 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
- [EITE Industries Advisory Group webpage](#) | [EITE Policy Advisory Group webpage](#)
- [Public Comment Form](#)