



DEPARTMENT OF
ECOLOGY
State of Washington

EITE Policy Advisory Group meeting

July 30, 2025

Agenda

Purpose

Discuss and provide feedback on draft materials shared July 24

Reminders

- **Members:** Please rename yourself as needed and include your affiliation
- **Attendees:** please use chat only for Zoom technical issues

1

Welcome and introductions

2

Joint meeting #4 recap

3

Discuss Document 6: Draft recommendations

4

Next steps

5

Public comment opportunity

Introductions

Facilitation team – Ross Strategic

- Susan Hayman – Joint Meetings & Advisory Group Facilitation
- Heather Christopher – Advisory Group Support

Ecology staff

- Adrian Young – Cap-and-Invest Industrial Policy Lead
- Andrew Hayes – Cap-and-Invest Policy Section Manager
- Isabel Hanify – Cap-and-Invest Industrial Policy Planner
- Jihan Grettenberger – Cap-and-Invest Outreach Specialist

EITE Policy Advisory Group members

- Altinay Karasapan – Climate Solutions
- Carly Michiels – Washington Public Ports Association
- Dan Wilson – United Steelworkers Union - Local 338
- David Mendoza – The Nature Conservancy
- Donny Donovan – IAM District 751
- Isaac Kastama – Clean and Prosperous
- Kassie Markos – Puget Sound Energy
- Keith Curl-Dove – Washington Conservation Action
- Richard May – SEI Fuel Services (7-Eleven)
- Steve Taylor– Cowlitz Public Utility District No. 1
- *2 delegates from the EITE Industries Advisory Group*
 - *Jackie White, Northwest Pulp and Paper Association*
 - *Jim Verburg, bP American*

Report timeline and engagement approach

Aug–Dec 2024 (Phase 1)

 **Completed**

- Collected information, and identified factors affecting EITE allocation & decarbonization
- Established advisory groups
- Convene Tribal forum
- Convene public meeting

May–Aug 2025 (Phase 2)

- Develop and test draft findings and recommendations
- Discuss policy impacts
 - Advisory groups
 - Small group meetings
 - Tribal forum
 - Public meeting

Feedback due Sept. 3, 2025

Sept–Nov 2025 (Phase 3)

Ecology prepares and submits final report to the Legislature.

Brief Warm-up activity!

Mural: please add your initials to a sticky note and drag and drop it to the appropriate quadrant.





Joint Meeting #4 Recap

Joint meeting #4 recap

- Information sharing and updates
 - Default EITE Allocation: Illustrative scenarios
 - Overview [Eastern Research Group \(ERG\)](#) final report
 - Update on preliminary environmental justice evaluation
- Draft materials released July 24
 - [Document 6: Draft recommendations](#)
 - Draft table of contents



Context

RCW 70A.65.110(4)(a) required Ecology to:

- a) Review global best practices for avoiding emissions leakage
- b) Evaluate benchmarking methods for EITEs
- c) Describe potential approaches for determining how allowances are allocated to EITEs from 2035-2050

Draft materials released July 24:

- [Document 6: draft recommendations](#)
- [Draft table of contents](#)

Before we jump into the document discussion...





Discussion

Document 6: draft recommendations

Summary of Document 6

- Nine draft recommendations regarding the approach for allocating allowances to EITEs from 2035-2050:
 - Two draft recommendations under each of the four Policy Design Considerations
 - One draft recommendation addressing environmental justice and economic impacts
- Assumes recommendations would be progressed in 2026 with input from EITEs and subject matter experts
- Includes information on complementary measures that could potentially support EITE decarbonization and emissions limits



Photo taken outside of Washington

Framing questions for discussion

- What questions and feedback do you have about the draft recommendations?
- What feedback do you have on potential complementary measures to support decarbonization by EITEs?
- Are there other issues that should be considered when implementing the recommendations?
- What other information would help you in preparing written comments by September 3?

Mural board activity

1. Questions/feedback on draft recommendation 5.1 (environmental justice & economics)
2. Questions/feedback on draft recommendations 1.1–4.2
3. Complementary measures?
4. Other?



Break –

Please return at 10:04 am Pacific





Next Steps

Next steps

- EITE Industries Advisory Group
 - July 31 from 9:00 a.m. to 11:30 a.m.
- Cap-and-Invest: EITEs and Report to Legislature on allowance allocation public meeting: Aug. 6, 2025, from 10 a.m. to noon
- Final feedback/comment
 - Submit via the electronic comment platform by Sept. 3
- Opportunity to meet with Ecology in September
 - Please email Ecology to confirm interest by Aug. 15



Facility located outside of Washington



Thank you!

Adrian Young

Cap-and-Invest Industrial Policy Lead

CCAIEITIndustries@ecy.wa.gov

Resources

- [Meeting materials](#) (draft documents, presentations, recording)
- [Notifications on EITEs and the report](#)
- [EITE Industries webpage](#)

Photo of facility outside of Washington

Public comment opportunity

Guidelines for providing public comment

- Please use “raise hand” button or share in the chat to indicate that you wish to provide a comment
- Up to two minutes per person
- Please keep the comments related to EITs and the report to the Legislature
- Ecology will not respond to comments in this meeting
- To submit written comments, use our [comment platform](#)





Thank you!

Adrian Young

Cap-and-Invest Industrial Policy Lead

CCAIEITeIndustries@ecy.wa.gov

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Draft table of contents

Policy Design Consideration 1:

Establish a level playing field for EITEs producing within the jurisdiction

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.

Recommendation would include:

- Extension of the existing statutory authority for Ecology to provide no-cost allowances to EITEs from 2035 onwards
- Requirement for Ecology to ensure design and implementation of EITE allowance allocation aligns with annual allowance budgets and other applicable program objectives, including supporting the achievement of statewide emissions limits.

All the other draft recommendations are contingent on the implementation of this recommendation.



Policy Design Consideration 1:

Establish a level playing field for EITEs producing within the jurisdiction

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.

Recommendation would include:

- Closely monitoring policy developments in linked jurisdictions or jurisdictions with which Washington contemplates linkage
- Monitoring developments in carbon border adjustment mechanisms or alternative policies to address leakage risk that could complement or supplant no-cost allowance allocation over time.



Policy Design Consideration 2:

Identifying and targeting assistance for EITEs in Washington that are most at risk of leakage

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.

Recommendation would include:

- Identifying quantitative and/or qualitative criteria and methods to objectively assess leakage risk for EITEs in Washington.
- Assessing leakage risk associated with electricity purchases by EITEs.
- Determining how to differentiate leakage risk associated with different industrial activities or sectors in Washington
- Assessing the impacts of implementing an assistance factor based on leakage risk
- Seeking input from EITE representatives and subject matter experts on the above



Policy Design Consideration 2:

Identifying and targeting assistance for EITEs in Washington that are most at risk of leakage

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.

Recommendation would include:

- Analyzing data on purchased electricity by EITEs and associated emissions.
- Assessing methods for determining the amount of no-cost allowances required to mitigate leakage risk from purchased electricity.
- Assessing options/impacts of delineating electric load associated with purchased electricity by EITEs from load used to calculate no-cost allowances for electric utilities.
- Assessing implementation requirements and impacts of providing no-cost allowances to EITEs for purchased electricity.
- Seeking input from EITEs, electric utilities, and subject matter experts



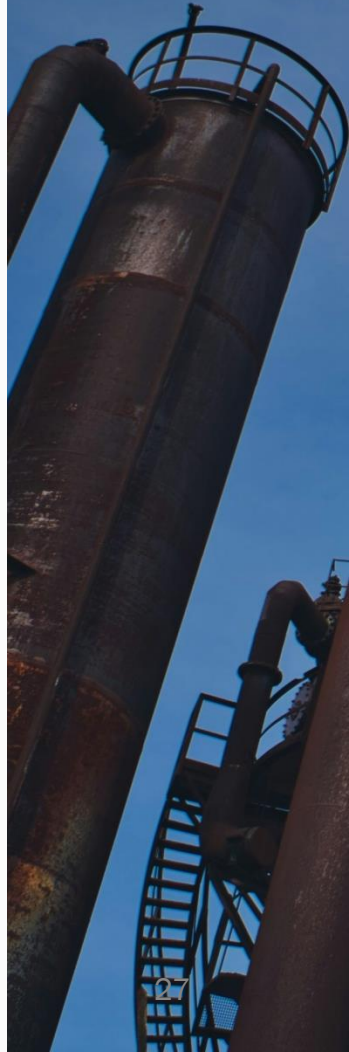
Policy Design Consideration 3:

Maintain decarbonization incentives for EITEs and reward efficient production

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.

Recommendation would include:

- Assessing the potential design of product-based benchmarks for EITEs in WA
- Assessing the potential design of at least one alternative method for establishing allocation baselines
- Assessing the implementation requirements associated with establishing product-based benchmarks and alternative methods for establishing allocation baselines.
- Assessing the impacts of retaining existing allocation baselines compared to implementing product-based benchmarks or alternative methods for establishing allocation baselines.
- Seeking input from EITE representatives and subject matter experts.



Policy Design Consideration 3:

Maintain decarbonization incentives for EITEs and reward efficient production

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.

Recommendation would include:

- Assessing potential design of criteria and methods for EITEs to demonstrate how consigned allowances will be invested in projects that decarbonize operations and reduce greenhouse emissions.
 - Including consideration of project timelines, facility turnarounds, and permitting requirements.
- Assessing impacts and implementation requirements for EITEs to demonstrate how consigned allowances will be invested in projects that decarbonize their operations.
- Seeking input from EITE representatives and subject matter experts.



Policy Design Consideration 4:

Align with the program cap and emissions limits

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.

Recommendation would include:

- Undertaking market analysis to determine what cap decline factor would need to be applied to ensure EITE allowance allocation aligns with annual allowance budgets and auctioned allowance requirements
- Assessing options and impacts of applying a cap adjustment factor, including whether it is applied uniformly across emissions years and/or uniformly across EITE sectors.
- Undertaking analysis to determine how total no-cost allowances provided to EITEs and electric and natural gas utilities, as well as the allowances distributed by Ecology via auction, will align with the annual allowance budgets and auctioned allowance requirements



Policy Design Consideration 4:

Align with the program cap and emissions limits

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

Recommendation would include:

- Assessing potential design of at least one alternative policy option that could achieve a similar outcome as a cap adjustment factor.
- Using this alternative policy to assess and compare the impacts of implementing a cap adjustment factor.



Other considerations:

Environmental justice and economic impacts

Draft Recommendation 5.1 – Ecology should assess the environmental justice and economic impacts of proposed policy options in the draft recommendations and interactions with existing CCA policies.

Recommendation would include:

- Assessing local and statewide impacts on air pollution, community health, tax revenues and employment, including impacts on overburdened communities and Tribes
- Assessing the interactions between the proposed policy options with existing environmental justice requirements in the CCA and Cap-and-Invest Program
- Analyzing impacts of proposed policy options on auction proceeds
- Engaging with overburdened communities and Tribes and following all applicable requirements of the HEAL Act.
- Assessing alignment of proposed policies with existing policies in the CCA and related state climate policies for achieving statewide emissions limits.

Complementary policies to support decarbonization and emission reductions

- Staff have identified some complementary policies that could potentially be pursued to support the decarbonization of EITEs in Washington
 - For example, policies and strategies in the [draft Comprehensive Climate Action Plan](#)
- List of potential complementary policies to support decarbonization and emission reductions are provided in Appendix 1 of Document 6
- Ecology seeking feedback on whether these policies should be considered by the Legislature
- Will consider feedback received on draft Comprehensive Climate Action Plan alongside feedback received on EITE report materials