



# EITE Policy Advisory Group Meeting

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

- 6 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 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 no-cost 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 Sept. 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.

- *Comment:* An advisory member commented that the economic impact assessment should account for lost opportunities to expand existing industries or attract new industries, including associated benefits like jobs, economic multipliers, and increased tax base. They

raised concerns about how aggressive emissions limits could prevent investment decisions and drive industry to other jurisdictions. Using Cowlitz County as an example, they explained that policy-induced constraints could negatively affect forest products and other industries, both existing and emerging. When Ecology asked for clarification on the types of expansions they were referring to, the advisory member reiterated that they were referring to both existing and new industrial opportunities and emphasized that policies lacking flexibility could stifle investment and drive emissions leakage.

- *Ecology Response:* Ecology explained that the intent of the policy is to attract low-carbon manufacturing and clean energy investments to Washington.
  - *Member Response:* The member warned that without sufficient flexibility, the cap could reduce industrial activity and economic opportunity.
  - *Ecology Response:* Ecology clarified that a new facility using clean energy would not be subject to the cap in the same way.
  - *Member Response:* The member replied that the concern extended to existing industries that may not be able to operate under the cap, and again emphasized that both loss of expansion and missed opportunities should be considered.
- *Comment:* Another member commented that they were glad to see Recommendation 5.1 included but noted that it does not explicitly reference the [air quality rulemaking](#), which seems relevant given the recommendation's focus on environmental justice.
  - *Ecology Response:* Ecology responded that the air quality rule is embedded in the broader environmental justice commitments of the CCA, but acknowledged the importance of that connection.
- *Comment:* Another member added a suggestion to define key terms like "environmental justice" and "economic impacts."
  - *Ecology Response:* Ecology agreed that these clarifications could be helpful.

**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 questioned why Ecology believes it does not already have the authority referenced in the recommendation.
  - *Ecology Response:* Ecology explained that the second part of the recommendation, which addresses statutory alignment with emissions limits, is not currently explicit in law and requires clarification.
  - *Member Response:* The member noted that the intent of the law implies such authority for electric and natural gas utilities and said it was helpful to understand how Ecology is interpreting it.
- *Comment:* A member commented that continuation of no-cost allowances is critical and that the program needs sufficient flexibility to avoid industry loss and leakage. They urged Ecology to recommend legislative flexibility, including potential changes to the cap.
  - *Ecology Response:* Ecology replied that under current law, Ecology is required to make recommendations regarding Washington's greenhouse gas emissions limits based on the latest climate science, and that adjusting the cap for other considerations could conflict with that legal obligation.
  - *Member Response:* The member cited recent EPA announcements as a reason to reevaluate the balance between climate benefits and implementation impacts.

- *Ecology Response:* Ecology acknowledged that the EPA news was an emerging development, but reiterated that the agency could only speak to current Washington State law.
- *Comment:* Another member expressed concern that encouraging too much flexibility would undermine the state's climate mandates. While they agreed that the group should discuss needed supports for industry, they stressed that these conversations must stay grounded in Washington's statutory obligations. They encouraged consideration of incentive options and additional strategies to support the transition.

**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.

- *Comment:* A member shared their appreciation for the inclusion of the carbon border adjustment mechanism (CBAM) in the recommendation and liked that it was framed as a potential supplement to no-cost allowance allocations.
- *Question:* Another member asked whether a state-level CBAM might conflict with federal law.
  - *Ecology Response:* Ecology responded that the agency is proposing to monitor policy developments in this area and periodically evaluate whether a CBAM could be pursued within Washington's context.

**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<sup>3</sup> that targets allowance allocation based on this objective approach.

- *Comment:* A member suggested that Ecology include more explicit language about how linkage with other jurisdictions like California could impact emissions leakage. They also recommended seeking input from California, which has an assistance factor framework in place, even though it's not currently used.
  - *Ecology Response:* Ecology responded that linkage is a cross-cutting consideration already captured under Recommendation 5.1, which addresses interactions with other policies. Because of that, Ecology did not call it out explicitly in this recommendation. Ecology added that seeking input from other jurisdictions is something Ecology could consider.
  - *Member Response:* The member encouraged Ecology to clarify how it is currently thinking about linkage.

**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.

- *Comment:* A member highlighted the importance of balancing new policy measures with the significant policy and regulatory pressures already facing electric utilities under the Clean Energy Transformation Act (CETA) and the CCA. They emphasized that implementation should not come at the expense of ratepayers.
  - *Ecology Response:* Ecology acknowledged their concerns and noted that any future analysis would need to account for those impacts.

- *Comment:* Another member echoed this comment and underscored the importance of maintaining no-cost allowances for electric utilities to avoid double-counting emissions and shrinking the available emissions budget.
- *Ecology Response:* Ecology agreed and said that understanding how electric load is accounted for would be a necessary part of any assessment.
- *Question:* Another member asked whether California allocates additional allowances for purchased electricity.
  - *Ecology Response:* Ecology responded that while they couldn't speak to all the details, investor-owned utilities in California currently receive credits from the utilities commission, rather than no-cost allowances.

**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.

- *No Mural comments/questions or discussion.*

**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 noted that Ecology is already implementing consignment for natural gas utilities and suggested that the infrastructure is partially in place.
  - *Ecology Response:* Ecology confirmed that some implementation mechanisms already exist, but said that attaching conditions to the use of those funds would require additional policy development.
- *Comment/Question:* Another member expressed support for using consignment to incentivize decarbonization, particularly because the mechanism is already in use for utilities. They asked whether there are regulatory barriers Ecology anticipates when conditioning how EITE facilities use consigned allowance revenue, given that utilities are subject to oversight by the UTC.
  - *Ecology Response:* Ecology responded that further exploration is needed to develop a policy framework and better understand implementation considerations.

**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**

- *Question:* A member asked whether the list of complementary measures was ranked in any particular order.

- *Ecology Response:* Ecology replied that the list was not prioritized, but grouped together based on similar concepts. Ecology is seeking feedback on which items may be worth pursuing.
- *Comment:* A member commented that the list of measures was overwhelming and reiterated that electricity-related actions must be evaluated in light of existing policy and regulatory challenges.
  - *Ecology Response:* Ecology acknowledged that there are lot of ideas that could be considered.
- *Comment:* Another member expressed support for many of the complementary measures, and suggested the legislature earmark a portion of CCA auction proceeds to fund key investments, particularly in electrification.
  - *Ecology Response:* Ecology noted that the agency welcomes this type of feedback.

#### Other issues or considerations

- *Question:* A member asked what implementation might look like from Ecology's perspective, such as whether a standalone bill would be required to authorize the agency to study and assess these issues.
  - *Ecology Response:* Ecology explained that they have been focused on policy development to date and has not yet assessed specific policy or legislative pathways. Ecology welcomes stakeholder feedback on how best to move the recommendations forward.
- *Comment:* A member provided feedback on the process, noting that they weren't a fan of how meeting materials were shared the morning of the joint advisory group meeting, and instead would have appreciated at least a day's notice to review the documents.
  - *Ecology Response:* Ecology acknowledged the concern and said the agency was limited in how far the materials could be shared in advance.
- *Comment:* A member of the Industries Advisory Group raised the distinction between forced consignment and voluntary consignment and echoed earlier points about the need for clear support mechanisms. They said that providing the regulated community with access to financial and technical resources will be critical to support decarbonization. While decarbonization is a shared goal, the capital investments and timelines required are substantial, and more clarity is needed for EITE facilities and other regulated entities. When Ecology asked if the member was referring to financial or technical assistance, the member said, "all of the above," emphasizing that these efforts will require significant expenditures with potentially modest returns. They also noted that permitting timelines can be long, and peer research and technical support are almost always helpful.
- *Comment:* A policy advisory member followed up by stressing that electrification is central to this transition but pointed out that grid strain and transmission capacity are significant challenges. They said permitting challenges for infrastructure and energy transmission are a key barrier to implementation, and urged the state to evaluate how permitting processes might be standing in the way of decarbonization efforts.

#### Next Steps

- The facilitator provided members with an overview of the next steps, including the following upcoming meetings:
  - [EITE Industries Advisory Group Meeting](#): 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
- 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.
- One member of the public commented via chat:
  - California Air Resources Board (CARB) assigns allowances to the electric and natural gas utilities which are consigned to the CARB auctions. The benefits of those allowance sales are used to subsidize the carbon costs incurred by the rate payers for those utilities.
- 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](mailto:CCAEITEIndustries@ecy.wa.gov)
- [EITE Industries Advisory Group webpage](#) | [EITE Policy Advisory Group webpage](#)
- [Public Comment Form](#)

