

## Allowance Allocation to Emissions-Intensive, Trade-Exposed Industries for the First Compliance Period

The Climate Commitment Act requires that the Department of Ecology (Ecology) provide allowances at no cost to ‘Emissions-Intensive, Trade Exposed’ industries (EITEs). These businesses have high emissions, but also provide substantial employment to the state and face national or international competition within their respective markets.

The Legislature provided special consideration for these EITE facilities to help avoid these businesses moving to jurisdictions without emissions-reduction policies in place, and to maintain the competitiveness of these industries in Washington State. This aspect of the program was designed to motivate early investment in efficiency and process improvements, to facilitate financing for larger-impact, longer-term decarbonization, and protect the jobs and investments that these businesses bring to Washington. This approach toward industrial facilities is a common feature of carbon-pricing policies in jurisdictions worldwide.

The methodology for determining how many no cost allowances each EITE facility can receive is set-out in the Climate Commitment Act Program rule, [WAC 173-446-220](#). Ecology distributes no cost allowances to EITE facilities annually, in accordance with the timeframes prescribed in [WAC 173-446-260](#).

During the first compliance period (2023-2026), EITE facilities are allocated no cost allowances from the 2023 allowance budget (called ‘vintage 2023’) equal to 100% of their allocation baselines, of which there are two types:

- EITEs with a ‘mass-based baseline’ receive vintage 2023 no cost allowances equal to their average annual emissions during the 2015-2019 baseline years outlined [RCW 70A.65.110](#)<sup>1</sup>.
- EITEs with a ‘carbon intensity-based baseline’ receive vintage 2023 no cost allowances in two distributions:
  - By Sept. 1, 2023: EITEs receive a preliminary allocation equal to their average annual carbon intensity (which is equal to their total emissions divided by total production) during the 2015-2019 baseline years<sup>2</sup> multiplied by their verified production data from 2021.
  - By Oct. 24, 2024: Ecology will conduct a final reconciliation of no cost allowances for intensity-based EITEs using their verified 2023 production data.

All facilities with emissions above 10,000 metric tons of CO<sub>2</sub>-equivalent (MTCO<sub>2</sub>e) must submit a greenhouse gas report as specified in the reporting rule ([WAC 173-441](#)). Facilities must remain in compliance with this rule to continue receiving no cost allowances. No cost allowances are not provided to facilities during periods of closure or curtailment.

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<sup>1</sup> Unless alternate baseline years were approved by Ecology.

<sup>2</sup> Unless alternate baseline years were approved by Ecology.

As facility-level allowance allocation data could reveal market-sensitive or otherwise confidential business information about registered entities<sup>3</sup>, the allocations to EITE facilities presented in Table 1, below, are aggregated so that they include at least five facilities.

### Summary of Allowance Allocations to EITEs for 2023

<b>Subsector</b>	<b>Total Facilities</b>	<b>Total Allowances</b>
Building Product, Electronics and Aerospace Manufacturing	7	405,757
Food Processing and Manufacturing	11	548,449
Petroleum Refining and Chemical Manufacturing	10	6404492
Pulp, Paper and Cement Manufacturing	8	1426934
Steel, Aluminum, and Glass Manufacturing	6	407826
<b>Total</b>	<b>42</b>	<b>9193458</b>

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<sup>3</sup> RCW 43.21A.160 and RCW 70A.15.2510 provide the Department of Ecology with the ability to exempt Confidential Business Information from public disclosure under certain circumstances. RCW 70A.65.100(9) and WAC 173-446-390 deems certain market-sensitive information not subject to public disclosure. RCW 70A.65.100(8) and WAC 173-446-317 prohibits auction participants from disclosing bidding strategy and other information. To preserve market security, Ecology holds itself to this same standard.

List of NAICS Codes and EITE Facilities in each subsector

Sector	NAICS Codes	Facility Names
Building Products, Electronics and Aerospace Manufacturing	327420: Gypsum Product Manufacturing 334413: Semiconductor and Related Device Manufacturing 3364XX: Aerospace Product and Parts Manufacturing	Analog Devices, Inc. - Camas Boeing Commercial Airplanes - Everett Boeing Company - Auburn Site – Auburn  CertainTeed Gypsum – Seattle  Georgia-Pacific Gypsum LLC - Tacoma  Goodrich Corporation - Spokane WaferTech LLC - Camas
Food Processing and Manufacturing	3114XX: Fruit and Vegetable Preserving and Specialty Food Manufacturing 3115XX: Dairy Product Manufacturing 311611: Animal (except poultry) Slaughtering 311991: Perishable Prepared Food Manufacturing	Basic American Foods - Moses Lake Darigold - Sunnyside J.R. Simplot Company - Moses Lake J.R. Simplot Company - Othello Lamb Weston - Connell Lamb Weston - Pasco Lamb Weston - Quincy Lamb Weston - Richland McCain Foods - Othello Tyson Fresh Meats, Inc. - Wallula Washington Potato Company - Warden
Petroleum Refining and Chemical Manufacturing	324110: Petroleum Refineries 3251XX: Basic Chemical Manufacturing 325311: Nitrogenous Fertilizer Manufacturing	Air Liquide Hydrogen Plant - Anacortes bp Cherry Point Refinery - Blaine Emerald Kalama Chemical, LLC - Kalama HF Sinclair Puget Sound Refinery LLC - Anacortes Marathon Anacortes Refinery - Anacortes Matheson - Anacortes Nutrien US LLC. - Kennewick Phillips 66 Ferndale Refinery - Ferndale Solvay Chemicals, Inc. - Longview U.S. Oil & Refining Co. - Tacoma
Pulp, Paper and Cement Manufacturing	3221XX: Pulp, Paper, and Paperboard Mills	Ash Grove Cement Company - Seattle Georgia-Pacific Consumer Operations LLC - Camas Nippon Dynawave - Longview North Pacific Paper Company, LLC - Longview

	327310: Cement Manufacturing	Packaging Corporation of America - Wallula Port Townsend Paper Corporation - Port Townsend WestRock CP, LLC - Tacoma WestRock LLC – Longview
Steel, Aluminum, and Glass Manufacturing	32721X: Glass and Glass Product Manufacturing 331110: Iron and Steel Mills and Ferroalloy Manufacturing 331221: Rolled Steel Shape Manufacturing 33131X: Alumina and Aluminum Production and Processing	Ardagh Glass Inc. - Seattle Cardinal FG Company - Winlock Kaiser Aluminum Washington, LLC (Trentwood Works) - Spokane Valley Nucor Steel Seattle, Inc, - Seattle Owens-Brockway Glass Container Inc Plant #2 – Kalama Steelscape - Kalama