Regulating refineries and manufacturing facilities in communities near you:

A look into Washington's industrial climate priorities through the Cap-and-Invest Program

DEPARTMENT OF ECOLOGY
State of Washington



When the Legislature established the Cap-and-Invest Program, it designated 40 industrial facilities as "emissions-intensive, trade-exposed industries" or EITEs. EITEs include petroleum refineries and manufacturing facilities that produce chemicals, paper, food, airplanes, building materials, and other products. They use high levels of energy and release large amounts of greenhouse gases (emissions-intensive) and face unique barriers to decarbonizing. They're also exposed to significant out-of-state competition for their products (trade-exposed).

Environmental justice matters

We're committed to better understanding the environmental, health, and economic impacts of these facilities.

Your experiences and perspectives can help shape EITE policy. See **page 3** for more information on how to make your voice heard.

EITEs under the Cap-and-Invest Program

The Cap-and-Invest Program reduces climate pollution by putting a price on greenhouse gas emissions. Most large climate-polluting businesses must compete to buy 'allowances' for every unit of greenhouse gases they release. Over time, Ecology sells fewer allowances, prompting businesses to reduce their emissions and ultimately help reduce statewide emissions by 95% by 2050.

Because of the barriers they face, EITEs receive most of the allowances they need at no cost until at least 2034. This enables EITEs to plan for and invest in emissions reductions and reduces the possibility of leakage. Leakage occurs when a company shifts production to a location with less stringent climate regulations to reduce costs, resulting in a lost opportunity to decarbonize.

The Legislature is now looking to update EITE policies for the later years of the program – from 2035 to 2050.

Why this matters

Lawmakers will need to reduce the number of no-cost allowances given to EITEs and may need to help them invest in decarbonization projects too.

What's happening now



EITEs receive most of their greenhouse gas allowances at **no cost.**

The current challenge



Total allowances provided to EITEs and other eligible businesses could exceed the program cap by the late 2030s, **leaving none for other businesses and eliminating state revenue.**

What needs to happen



Lawmakers will need to **reduce the proportion of no-cost allowances given to EITEs** in 2035-2050.

Unless the policy is updated, EITEs will continue receiving the same amount of no-cost allowances through 2050. This would compromise the effectiveness of the Cap-and-Invest Program – our state's biggest climate policy. The number of no-cost allowances that go to EITEs and other eligible businesses is projected to exceed the total allowances available by the late 2030s or early 2040s, leaving none for other businesses and eliminating state revenue.

Ecology submitted a report to the Legislature in January 2026 to inform this decision-making process, which can be found on the EITE Allocation for 2035-2050 webpage. The Legislature has directed Ecology to complete a second report that provides detailed recommendations on allowance allocation policies.

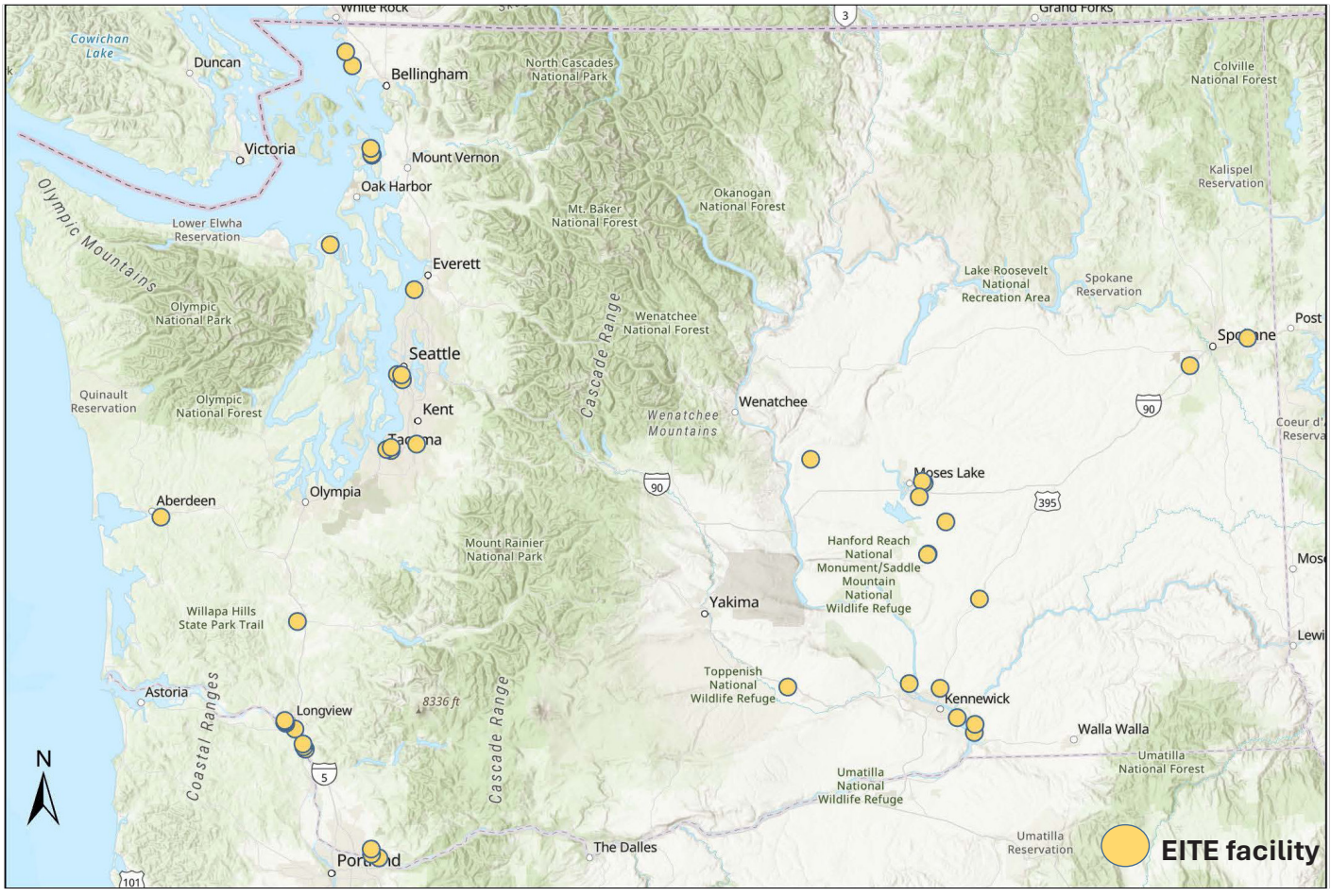
EITEs impacts on local communities

EITEs are important to Washington's economy – providing approximately 50,000 jobs across the state and generating around $5 billion in tax revenue annually. There are also concerns about how they may be contributing to air pollution in nearby communities and how no-cost allocation to EITEs affects funding for local climate work.

Proximity to communities

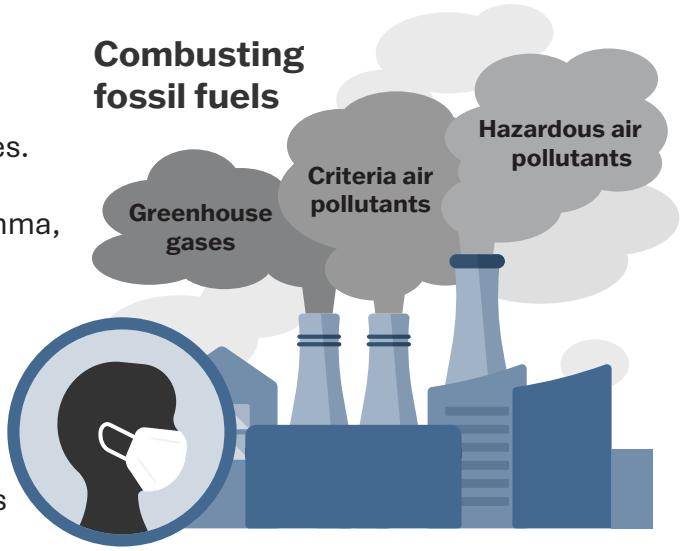
75% of EITEs are located near federally recognized Tribal reservations or communities that are disproportionately affected by environmental pollution. Take a look at this map to see if there's an EITE located near your community.

Map of EITE facilities in Washington



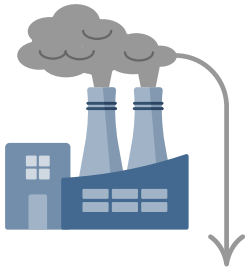
Air pollution

EITE facilities combust fossil fuels to power industrial processes, which can release criteria air pollutants and hazardous air pollutants, in addition to greenhouse gases. These air pollutants can have harmful impacts on the environment and human health, causing issues like asthma, heart disease, and cancer.



Health impacts

Early research suggests that a 6% reduction in air pollution from EITEs in one year could reduce total asthma cases by 1,050 statewide and save between $34.4 to $50.2 million in healthcare costs. More analysis is needed, but this estimate provides an example of the many types of potential benefits from reducing air pollution from EITEs and other sources. Ecology will continue to evaluate the impacts of EITEs and other sources of air pollution moving forward.



Decrease of air pollution



Reduces total asthma cases



Saving millions in healthcare costs

Impacts to revenue for community projects

Allowance sales fund investments in greenhouse gas reductions, climate resiliency, clean transportation, and reducing health disparities. State law requires that at least 35% of this revenue benefits vulnerable populations in overburdened communities and that at least 10% goes to projects supported by Tribes. Giving no-cost allowances to EITEs means less revenue for local communities. In 2023, the value of no-cost allowances given to EITEs was about $503 million.

Improving air quality in communities

Updating EITE policy is a critical step in reducing pollution across Washington – but it's not the only work underway. Ecology has ongoing efforts to improve air quality in 16 of Washington's most vulnerable communities.

Make your voice heard

Ecology is working on a Legislative report and will be holding a variety of public engagement opportunities. Please join us to ask questions, share feedback, and receive updates on the policy making process. Visit the EITE webpage or email CCAEITEIndustries@ecy.wa.gov for more information.

CCA.wa.gov/EITEs

We're committed to making our information easy to access for everyone. If you need this in another format or a different language, or if you use a relay service, email CCAEITEsindustries@ecy.wa.gov or call 360-407-6800. For Relay Service or TTY call 711 or 877-833-6341.

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