Welcome to the Chapter 173-446A WAC Criteria for Emissions-Intensive, Trade-Exposed Industries Rulemaking Stakeholder Meeting

We will begin at 10 a.m. PDT

We will do sound checks 10 and 5 minutes before start.
Sound Check

No sound? Connect your audio and listen for a sound check before we start.

Please note that all attendees are muted.

1. Click on the ‘More Options’ button at the bottom of your screen.
2. Select “Connect Audio” button.
3. If you select “Call In” the system will provide you with a phone number and entry information.
How to use the Chat Function
Chat with the Host for technical problems

If you are using the WebEx application:

If you are using the WebEx browser:
How to use the “Raise Hand” Function

Joined by Browser

Joined by Application

Listening in by phone
For those joining WebEx via phone or tablet

Click on your Participant icon

Chat and Raise Hand options below
How to Participate

During today’s question-and-answer period:

- **Participating using your computer or mobile app**: Use the “Raise Your Hand” button. This button is located in the lower right hand corner of the Participant list window.

- **Participants listening in on the phone**: Press *3 on your phone. The system will indicate you have your hand raised. The host will then unmute you at your turn and the system will announce that you are unmuted.
Start Recording

We will begin recording at this time.
Agenda

1. Brief Climate Commitment Act (CCA) context
2. 446A rulemaking process overview
3. 446A rule text overview
4. Review preliminary rule text and discussion
5. Wrap up
# EITE Criteria Rulemaking Contacts

<table>
<thead>
<tr>
<th>Contact</th>
<th>Info</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Katie Wolt</td>
<td><a href="mailto:katie.wolt@ecy.wa.gov">katie.wolt@ecy.wa.gov</a></td>
<td>Rulemaking process, timeline, public comments</td>
</tr>
<tr>
<td></td>
<td>360-407-6998</td>
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</tr>
<tr>
<td>Emily Bruns</td>
<td><a href="mailto:emily.bruns@ecy.wa.gov">emily.bruns@ecy.wa.gov</a></td>
<td>Rule content</td>
</tr>
<tr>
<td></td>
<td>360-407-6814</td>
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<tr>
<td>Neil Caudill</td>
<td><a href="mailto:neil.caudill@ecy.wa.gov">neil.caudill@ecy.wa.gov</a></td>
<td>Rule content</td>
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<tr>
<td></td>
<td>360-764-9733</td>
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<tr>
<td>Luke Martland</td>
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<td>Climate Commitment Act manager</td>
</tr>
<tr>
<td></td>
<td>360-407-6523</td>
<td></td>
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</table>
Climate Commitment Act (CCA) Context

- Governor Inslee signed the CCA into law on May 17, 2021.
- Caps and reduces greenhouse gas emissions from the state’s largest emitting sources.
- Reductions are set on a path to meet the greenhouse gas emission limits set in state law.
- The CCA also puts environmental justice and equity at the center of climate policy.
- Funds support investments in climate resiliency, clean transportation, and addressing health disparities.

<table>
<thead>
<tr>
<th>Rulemaking</th>
<th>Announce rule</th>
<th>Propose rule</th>
<th>Adopt rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse Gas Reporting Rule Updates (Chapter 173-441 WAC)</td>
<td>July 2021</td>
<td>Fall 2021</td>
<td>Early 2022 (1st Quarter)</td>
</tr>
<tr>
<td>Criteria for Emissions-Intensive, Trade-Exposed Industries (Chapter 173-446A WAC)</td>
<td>August 2021</td>
<td>Winter 2021</td>
<td>Summer 2022</td>
</tr>
<tr>
<td>Cap-and-Invest Program (Chapter 173-446 WAC)</td>
<td>August 2021</td>
<td>Spring 2022</td>
<td>Fall 2022</td>
</tr>
</tbody>
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Climate Commitment Act (CCA) Context

446A (rulemaking covered in today’s meeting):

• Classify certain industries as EITE
• Establish process for facilities to petition Ecology to be classified as an EITE
• Establish objective criteria for both emissions intensity and trade exposure

EITE = Emissions-Intensive, Trade-Exposed Industries

446 (rulemaking covered in future meetings):

• Determine process for setting and modifying benchmark reduction schedules
• Establish methods and procedures to allocate no-cost allowances to EITE facilities
• Other EITE topics
Today’s meeting is focused on the EITE criteria rulemaking.

Time now for broader questions about the CCA.

More information about the CCA in later meetings.

446A Rulemaking Process Overview

1. Announcement Phase (We are here.)
   • Official announcement on intent to begin rulemaking
   • Rule development period begins (informal comment period)

2. Proposal Phase
   • Share proposed rule language and announce official public comment period
   • Formal comments collected online and during public hearing

3. Adoption Phase
   • Adopt final rule language
   • Response to comments is published
   • Rule is effective 31 days after adoption
# 446A Rulemaking Timeline

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 7–30, 2021</td>
<td>Informal public comment period</td>
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<tr>
<td>December 2021</td>
<td>Propose rule</td>
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<tr>
<td>Mid-December 2021 – February 2022</td>
<td>Formal public comment period</td>
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<tr>
<td>Late January 2022</td>
<td>Public hearing</td>
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<tr>
<td>July 1, 2022</td>
<td>Adopt rule</td>
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<tr>
<td>August 1, 2022</td>
<td>Rule effective (31 days after adoption)</td>
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</table>
Informal Comment Period

• Submit your comments here:
  https://aq.ecology.commentinput.com/?id=eJPr

Public Comment Form

Commenting open: September 07, 2021 12:00AM PT - September 30, 2021 11:59PM PT.

Rulemaking - Informal Comment Period for Chapter 173-446A WAC
• Questions about the process or timing of the EITE criteria rulemaking
What is WAC 173-446A?

• Classifies certain industries as emissions-intensive and trade-exposed (EITE) based on North American Industry Classification System (NAICS) codes listed in the CCA statute
• Establishes the process for facilities to petition Ecology to be classified as an EITE
• Establishes objective criteria for both emissions intensity and trade exposure
• Provides EITE classification and information for CCA, but does not set CCA requirements
Industries Classified as EITEs

• Some industries are already classified as EITE per CCA statute.
• List of EITE industries is included in the rule
• A facility reporting a NAICS code under Chapter 173-441 WAC (Reporting of Emissions of Greenhouse Gases) that is included in the list is classified as EITE.
Facilities petitioning for EITE classification

• Facilities that report an NAICS code under Chapter 173-441 WAC (Reporting of Emissions of Greenhouse Gases) that is not on the EITE list may petition Ecology for classification as an EITE.

• Rule outlines the petition process:
  o Timeline to submit and evaluate petition
  o Information required to be submitted to Ecology
  o Criteria Ecology will use to evaluate the petition
Petition: Timeline

- A facility must submit a petition 180 calendar days (early July) before the start of the emissions year the facility wants to be classified as EITE.
- Ecology will notify the petitioning facility within 30 days of receiving the petition if we need additional information to evaluate the petition.
- Ecology will issue a determination about the facility’s EITE classification within 90 days of receiving a complete petition.
- Determination not effective before start of second compliance period: 2027
Petition: Content

• Contact information of person submitting petition
• Facility identifying information (reported under Chapter 173-441 WAC)
• Data for past 5 years or as long as operational if less than 5 years or based on potential to emit for proposed facilities:
  • Production data
  • On-site greenhouse gas emissions
  • Facility’s electricity purchases
• Closeness of facility location to overburdened communities
• Any other information requested by Ecology needed to evaluate the petition
• Signature and date
Petition: Evaluation

Must meet following conditions:

• Manufacturing facility
• Covered under or projected to be covered under the Climate Commitment Act
• Not already classified as EITE
• Meet the criteria for emissions intensity and trade exposure
Petition: Evaluation

Emissions intensity:

\[ EI = AE + (EP \times UCO_2e) \]

\( EI \) = Average emissions intensity (MT CO\(_2\)e/year)
\( AE \) = Average emissions from on-site greenhouse gas emissions data (MT CO\(_2\)e/year)
\( EP \) = Average electricity purchases (kWh/year)
\( UCO_2e \) = Unspecified electricity emission factor per WAC 173-444-040(4) equation 4

Facility is emissions-intensive if EI greater than 10,000 MT CO\(_2\)e/year.
Petition: Evaluation

Trade exposure:

\[ TS = \frac{\text{Import} + \text{Export}}{\text{Shipment} + \text{Import}} \]

TS = Trade share (%)

Import = Average value of total physical arrivals of merchandise from foreign countries for the facility’s six-digit NAICS code, taken from the U.S. International Trade Commission DataWeb (USD)

Export = Average value of goods physically moved out of the U.S. to foreign countries that are grown, produced, or manufactured in the U.S. and commodities of foreign origin that have been changed in the U.S., for the facility’s six-digit NAICS code, taken from the U.S. International Trade Commission DataWeb (USD)

Shipment = Average value of products at the national level sold by manufacturing establishments based on net selling values, free on board plant, after discounts and allowances are excluded, for the facility’s 6-digit level NAICS code, taken from the Annual Manufacturing Survey compiled by the U.S. Census Bureau (USD)

Facility is trade-exposed if trade share is greater than 15%.
• Questions about the EITE criteria rulemaking content
• Next: Walk-through of draft rule text for specific questions and discussion
End Recording

We will end recording at this time.
Review Preliminary Rule Text

https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-446A
Thank you

Informal comments due 9/30/2021

Submit your comments here: https://aq.ecology.commentinput.com/?id=ejJPr