

Cigdem Capan

My comment is about the formula used to define the emissions intensity of a facility in WA that is not already considered EITE under NAICS. To the best of my understanding, in the proposed rule, the formula used to calculate the emissions intensity is the sum of the direct GHG emissions from the production process and those associated with its annual electricity usage, without taking into account the volume of the production. This means any successful facility that expands into new markets and increases its yearly production volume can become eligible to be designated as EITE as soon as it emits more than the minimum threshold of 10,000 metric ton of CO₂eq, therefore receiving free allowances from the WA state under the CCA. In such a scenario, this type of business has no incentive to reduce its emissions in the short term at all. This jeopardizes the overall success of the entire CCA as the emissions would not significantly decline in this decade if more and more businesses qualify as EITE and get free allowances without taking any steps to reduce their GHG emissions. This would create not a carbon "leakage" but a carbon "attractor" as companies in other states that are currently regulated under a cap and trade rule would move to WA to escape for a more lax regulatory environment. In brief, the current definition of the emissions intensity, because it isn't normalized to the actual production output or export volume, creates a loophole for all businesses not otherwise designated as EITE to get a free pass from the state's emissions reduction targets.