



NUCOR STEEL SEATTLE, INC.

2424 SW Andover Street

Seattle, WA 98106-1100

206.933.2222

December 15, 2020

Fran Sant
GAP Rule Rulemaking Lead
WA State Dept. of Ecology

VIA Email to gap-rule@ecy.wa.gov

RE: Nucor Steel Seattle, Inc. Comments on Greenhouse Gas Assessments for Projects (GAP) Rulemaking

Dear Fran,

Nucor Steel Seattle, Inc. (Nucor) is part of Washington's manufacturing economy, a diverse sector that is especially important because of the people in our communities who work with their hands, building and maintaining the infrastructure of our daily lives. We operate a West Seattle steel mill that was founded in 1904. The way we do things is fundamentally shaped by the community where we live. We recognize our role in protecting the environment and have demonstrated a long-standing commitment to do so.

Nucor is Washington's largest recycler, with the capacity to process over a million tons of scrap steel each year. Nucor consistently leads the global steel industry in a variety of environmental indicators from energy intensity to waste reduction. We have invested tens of millions of dollars in our Seattle facility to make it among the most efficient and environmentally responsible steel plants in the world. Our plant uses 60-80 percent less energy than most of our competitors. This, combined with the use of low-carbon, hydroelectric power at our facility, results in embodied carbon content for our primary product at a level that is less than 20 percent of the global industry average for steel.

As an energy intensive, trade exposed (EITE) Washington facility operating in a highly competitive global market, Nucor believes that it is critically important that any state carbon policy affecting trade-exposed manufacturers like Nucor mitigate against the potential for emissions leakage that would occur if the policy results in shifting production to higher greenhouse gas (GHG) emitting facilities in the global market outside of Washington. This is of particular importance in Washington because nearly every time something that was once made in our state is made outside of it, it results in an increase of GHG emissions. Every ton of steel manufactured in West Seattle prevents about 4,300 pounds of GHG emissions that would occur if that same amount of steel were manufactured in China, and we strongly believe that GHG policy should support and not work against what is making a difference today.

Nucor has reviewed the list of questions that Ecology is requesting input on and would like to highlight a critical concept from our perspective. Nucor strongly believes that the GAP rule should evaluate net emissions when determining whether or not a project exceeds the threshold or the mitigation required as a result of it. The calculation of net emissions must include the emissions that would occur if the product were to be produced elsewhere. Evaluating gross emissions creates a significant disincentive to invest in facilities in the state and these investments are critical for a trade-exposed company to remain competitive and often result in increased efficiency and lower emissions. The failure to recognize, in the calculation of net emissions, the emissions that would occur if the product were produced outside of Washington would be a significant oversight in a policy designed to reduce global GHG emissions.

Nucor appreciates the opportunity to provide early input in the rulemaking. We hope to have the opportunity, along with other stakeholders, to review a preliminary draft rule well in advance of April 2021 in order to allow stakeholders enough time to provide further input on this important rule.

Respectfully,



Matthew J. Lyons
Vice President and General Manager
Nucor Steel Seattle, Inc.
206.933.2200