

U.S. Oil & Refining (Andrew Troske)

See attached letter



Par Pacific



U.S. Oil & Refining Co.

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Via email: Stephanie.Potts@ecy.wa.gov

May 6, 2026

Stephanie Potts

Dept. of Ecology, CPRP Program

300 Desmond Dr. SE

Lacey, WA 98503

Re: Linkage of Washington Cap-and-Invest Program – Consideration of EITE Leakage Risks

Dear Ms. Potts,

U.S. Oil and Refining Company (USOR) and Par Pacific appreciates the opportunity to provide comments on Ecology's ongoing work to evaluate potential linkage of Washington's Cap-and-Invest program with the Western Climate Initiative (WCI) programs in California and Québec. Like the Western States Petroleum Association (WSPA), whose comments we fully endorse, USOR does not have a formal position on linkage but is concerned that structural weaknesses in the WA program continue and are not resolved with or without linkage with the other programs. Ensuring the fundamentals of Washington's Cap-and-Invest program are sound should be the priority.

In addition, USOR would like to raise a separate concern with the draft linkage agreement. The current draft does not in any way address potential impacts to EITE entities and the resulting risk of leakage of emissions, displacement of workers or the loss of economic value from the State of Washington. Structural differences in the way the free allowances are allocated in WA compared to specifically the program in CA would place an unfair leakage risk on the most carbon emissions efficient refineries in the State of Washington while at the same time providing a competitive advantage to carbon emissions inefficient refineries in CA. In short, without explicit consideration of the risk of leakage (emissions, jobs, and economic value), linkage of Cap-and-Invest in WA with the other WCI programs will result in leakage pressure from carbon emission efficient refineries in WA toward carbon emission inefficient refineries in CA. At a minimum the draft linkage agreement must recognize this risk and provide safeguards to protect carbon emission efficient refineries in WA from leakage of emissions, jobs, and economic value to CA and elsewhere.

USOR is one of the most efficient carbon emission refineries in the world. A brief history and summary of carbon emissions, jobs, and economic value of USOR are presented in the attachment.

We would be more than happy to meet with you and discuss and answer any questions.

Andrew Troske

Refinery Manager

Attachment

U.S. Oil and Refining Company (USOR)

U.S. Oil and Refining Company (USOR) has been a trusted local provider of high-quality clean fuels since the late 1950s. Despite its growth from a family-owned business, USOR remains the smallest refinery in Washington State. Focused on serving the local market, it operates with a simpler configuration than other refineries in the region and is the only producer of 100% recyclable asphalt, effectively sequestering significant amounts of carbon (~2.5 million barrels per year for asphalt produced by USOR contains carbon equivalent to approximately 1,200,000 MT per year of CO₂e). Additionally, USOR supplies jet fuel to Joint Base Lewis McChord through a dedicated pipeline, playing a vital role in Washington's national defense contributions. USOR has and will continue to provide the fuel that our community demands.

USOR plays a significant role in the local and state economy, supporting approximately 190 full-time employees as well as 40 full-time contractors at the heart of the Tideflats in Tacoma. These jobs are high paying family wage jobs with compensation and benefits at the upper end of the overall pay scale in the Port, City of Tacoma, and Pierce County. In addition, indirect and induced employment amounts to approximately 10 additional jobs in the region for each USOR job per a UWT economic study. Refineries in WA are subject to local and state taxes that are significantly higher (approximately 3 times) than other states such as CA. In 2024, USOR paid over \$3 million in property taxes and over \$1 million in city taxes, in addition to state taxes such as the Hazardous Substance Tax (HST), Business and Occupation (B&O) tax, Oil Spill tax, the Petroleum Products tax, and the usual sales and use taxes totally nearly \$23 million.

USOR's configuration and investments over the years to improve environmental performance and efficiency has resulted in a refinery that has consistently met environmental standards ahead of requirements and emits significantly less direct GHG emissions per barrel of fuel produced, especially when viewed on a regional basis with 86% delivered within the region. Its performance in terms of Metric Tons (MT) of carbon dioxide equivalent (CO₂e) emitted per barrel of crude oil processed is near best in class globally and one half to one third as compared to the other refineries in Washington. We are proud of this history and, while recognizing the change in demand for fuels, we believe USOR will play an important role in the local and regional energy future for many years to come.

Leveraging available assets and the creativity and innovation of our highly trained workforce (supporting high value manufacturing jobs that are increasingly rare in our county and state), Par Pacific Holdings Inc. (Par) is implementing a renewable fuels project at its refinery located in Kapolei, Hawaii. Like USOR in Tacoma, Par Hawaii's business is to provide the fuel that the local community needs. We intend to meet the evolving needs of our community for decades to come.