Northwest Pulp & Paper
ASSOCIATION

July 22, 2026

Submitted via online comment portal

Surabhi Subedi
Climate Pollution Reduction Program
Department of Ecology
300 Desmond Dr SE
Lacey, WA 98503

Dear Surabhi,

Thank you for the opportunity for the Northwest Pulp & Paper Association (NWPPA) to comment on the Department of Ecology's proposed Cap-and-Invest Program Updates and Linkage Rulemaking covering WAC 173-441 and WAC 173-446.

NWPPA is a 70-year-old regional trade association representing 11 member companies and 13 mills in Washington, Oregon and Idaho, seven of which are located in Washington State. Our member mills in Washington provide 4,000 union-backed, family wage jobs in some of Washington's more rural, economically distressed communities. Mills provide a 3:1 job multiplier and are often the single largest taxpayer in these communities, a large portion of which is distributed as funding for schools and emergency services.

NWPPA members appreciate Ecology's proposed clarifications and added language regarding allocation baselines and allocation baseline adjustments for EITE facilities under WAC 173-446-220(1) & (2). However, NWPPA and its members offer the following feedback and suggested remedies to address a few areas of concern with the proposed rule language.

There is a significant amount of uncertainty around compliance deadlines and pending determinations for existing baseline adjustment requests submitted under the current rules and the future revised rule. For example, if Ecology anticipates rule adoption in mid-to-late September 2026, then new or revised allocation baseline adjustment requests would be due in March 2027. This would likely push the first no-cost allowance "true-up" process into October 2027 at the earliest, making it difficult for a facility with a pending request to properly plan for the November 1, 2027 compliance obligation deadline. All future allocation baseline adjustment requests could face the same potential conflict with the future November compliance obligations. To address this concern, Ecology should consider the following suggested language inserted as a new WAC 173-446-220(2)(g):

"(g) For an EITE facility that has submitted an allocation baseline adjustment request, Ecology will postpone any compliance obligation deadlines for that facility until a determination on the request has been made, applicable no-cost allowance allocation adjustments have been applied under (f) of this subsection, and any additional no-cost allowances due to the facility have been transferred into the facility's holding account."

We ask that Ecology include this or similar language that clarifies the process and guidance for facilities that are awaiting a determination near a compliance deadline. Without this, EITE facilities awaiting adjustment determinations are likely to be forced to purchase allowances that may not be needed to avoid compliance issues.

Another area of concern is where WAC 173-446-220(1)(b)(vi) states that "Ecology may approve an adjustment to an allocation baseline that takes effect for a previous emissions year." This appears to be an unintentionally narrow window of time. We request that Ecology clarifies that "a previous emissions year" can mean any year within the compliance period or any year since the program commenced on January 1, 2023.

Within WAC 173-446-220(1)(b)(vi), NWPPA members have concerns related to some of the provisions around operational changes at EITE facilities that qualify for allocation adjustments. To start, WAC 173-446-220(1)(b)(vi)(A)(II) covers a facility that has permanently closed one or more process units and states that Ecology must also determine that a facility's total annual covered emissions have not increased since the process unit ceased operation. If the process unit(s) that have permanently closed produce and/or combusted biogenic fuels, then there is potential for total annual covered emissions to increase due to fuel switching. NWPPA asks that Ecology either remove the last sentence of WAC 173-446-220(1)(b)(vi)(A)(II) or change the reference from "total covered emissions" to "total carbon emissions."

Additionally, WAC 173-446-220(1)(b)(vi)(A)(III) poses that Ecology will consider an adjustment to the allocation baseline for an EITE if "There were significant changes at the facility during emissions years 2015 - 2022 so that the years used to establish the allocation baseline are not representative of facility operations." However, that language creates some uncertainty in relation to WAC 173-446-220(1)(b)(vi)(A), which states that "ecology will only consider adjustments for significant changes that occurred after the program commenced on January 1, 2023." We ask that Ecology clarify that both date ranges qualify and add more clarity to ensure that WAC 173-446-220(1)(b)(vi)(A) is consistent with WAC 173-446-220(1)(b)(vi) (A)(III), perhaps stating that "ecology will only consider adjustments for significant changes that occurred during or since the baseline period such that the baseline period is not representative of current operations." To the extent that the draft rule addresses which years can be used for the baseline years, we also ask that this go back to 2012 to maintain consistency with the procedures for requesting alternative years for the initial baseline in WAC 173-446-220(1)(a)(iv)(B).

Lastly, WAC 173-446-220(1)(b)(vi)(A)(III) also includes the criteria that the facility's carbon allocation baseline must be "significantly lower than other EITE facilities in Washington", however individual EITE's do not have access to the carbon intensities of other EITEs in the program or within their NAICS code. EITEs have also consistently communicated that benchmarking at the EITE level does not generate a useful metric, given that EITE sectors operate using significantly different processes and participate in significantly different markets. The pulp and paper sector has also been consistent in communicating that benchmarking at the sector level fails to take into account the notable process and operational differences of each mill. Given that benchmarking has been an ongoing point of discussion and feedback in the EITE Allocation: 2035-2050 report process, we ask that Ecology remove this provision, as the legislature has not yet made a determination in this area.

Thank you for your time and consideration of these comments. Please let me know if you have any questions.

Sincerely,

Jackie White
Director of Regulatory and Technical Affairs, NWPPA