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Washington State Department of Ecology

Via electronic submittal: https://ecology.commentinput.com/?id=djkAmaeFW

RE: EITE Allocation, 2035–2050 — EITE Industries Report to the Legislature

Dear Mr. Young:

The Boeing Company appreciates the opportunity to provide comments on the Washington Department of Ecology's development of recommendations regarding emissions-intensive, trade-exposed industries, or EITEs, for 2035–2050.

Boeing was founded in Seattle in 1916 and has been a critical component of Washington State's economy for 110 years. Today, we employ more than 65,000 people here in the state, the largest concentration of Boeing employees anywhere in the world. We recently celebrated the opening of a new North 737 production line in Everett. The new line represents a $1 billion investment.

Today, we have a backlog of more than 6,000 commercial airplanes and continue to receive new orders. As such, we plan to increase our production rates over time. Washington's aerospace industry supports significant employment, supply-chain activity, innovation, exports, state and local tax revenue, and community investment.

Boeing supports customers, governments, and stakeholders in pursuing sustainability objectives. Our approach includes designing and building more fuel-efficient airplanes, collaborating to improve operational efficiency, supporting sustainable aviation fuel and carbon-removal technologies, and reducing emissions within our operations through energy efficiency, energy procurement, natural gas reduction, and other measures. Current-model Boeing aircraft have 20 to 30 percent lower fuel use and CO_2 emissions per seat, when compared to the aircraft they replace. Furthermore, we invest in our sites and infrastructure. In 2025, the following Boeing sites in Washington used 100 percent renewable electricity: Auburn, Frederickson, Kent, and Renton. Last year, we launched the first phase of Energy Performance Contracting to replace 120,000 lighting fixtures at 17 buildings across the enterprise and cut an estimated 59 million kWh each year.

Overall position

Boeing supports workable, evidence-based policies that reduce emissions while preserving the viability of aerospace and related manufacturing in Washington. ESSB 6246, Chapter 253, Laws of 2026, directs Ecology to recommend a 2035–2050 allowance schedule, criteria for as-needed adjustments, a consignment framework, and complementary policies addressing technical and economic feasibility. The law also expressly recognizes the need to accommodate production

growth at aerospace facilities using mass-based baselines and establishes recurring facility-level assessments of technically and economically feasible emissions-reduction measures. Boeing's recommendations below are intended to support real emissions reductions while preserving predictable compliance treatment in order to maintain aerospace manufacturing here in Washington.

Boeing recommends that Ecology structure its recommendations to the Legislature around the following principles:

1. Maintain no-cost allocation as the primary leakage-mitigation tool for EITEs.
2. Implement any cap adjustment factor, or CAF, through a gradual, transparent, and predictable schedule.
3. Preserve the statutory availability of mass-based treatment where carbon-intensity benchmarking is not feasible because of facility-specific circumstances.
4. Ensure that aerospace facilities using mass-based baselines receive production-growth adjustments equivalent in principle to those available under output-based allocation.
5. Establish objective, evidence-based, timely, and appealable procedures for as-needed adjustments.
6. Pair allowance reductions with funded and implementable decarbonization support.
7. Avoid duplicative reporting, verification, and submetering requirements.
8. Protect confidential, proprietary, financial, and market-sensitive information.
9. Use the facility assessments required beginning December 1, 2028, to inform future recalibration of the allowance schedule.

The December 2026 recommendations should distinguish between establishing the framework for future decisions and prescribing long-term outcomes before the required facility-level information is available. The facility assessments required beginning December 1, 2028, should provide important evidence regarding technical feasibility, economic feasibility, project timing, infrastructure constraints, and facility-specific emissions-reduction opportunities. Ecology should use its December 2026 report to establish a transparent methodology for evaluating those assessments and for calibrating future allowance reductions, adjustments, and complementary policies. Any initial allowance schedule should remain subject to evidence-based review and recalibration as the required facility information and Washington-specific leakage analysis become available.

Focus Area 1 — Cap Adjustment Factor (CAF)

Boeing supports development of a phased CAF or equivalent mechanism for 2035–2050, provided it is designed to preserve the Climate Commitment Act's leakage-mitigation objectives and is calibrated to credible information regarding technical feasibility, economic feasibility, production, market conditions, and facility-specific circumstances.

Boeing recommends that Ecology:

- Establish a four-year phased schedule that is published sufficiently in advance to support capital planning.

- Use modest, technically supported reductions as a starting point, rather than abrupt reductions that could create avoidable leakage risk.
- Evaluate whether reductions should vary by sector, facility, allocation methodology, emissions source, and quantified leakage risk.
- Preserve the statutory availability of mass-based baselines where a carbon-intensity benchmark cannot feasibly be determined based on unique facility circumstances.
- Implement the production-growth protection required for NAICS 3364 facilities using mass-based baselines under ESSB 6246, section 1(3)(b)(iii). Ecology should establish a timely, transparent, and administratively workable process for annual adjustments and, where appropriate, ongoing baseline adjustments based on verified production data.
- Ensure that a mass-based facility is not disadvantaged merely because its emissions do not move in direct proportion to annual production.
- Consider facility-specific factors including product mix, long production cycles, weather-sensitive building loads, fixed facility energy requirements, process constraints, grid access, and infrastructure limitations.
- Establish a four-year review process, coordinated with the facility assessments required beginning December 1, 2028.
- Avoid retroactive changes to eligibility, baseline methodology, or previously approved treatment, except where required by law or necessary to correct verified data or reporting errors.
- Pair any CAF with defined complementary funding, including grants, low-interest financing, tax incentives, engineering support, permitting assistance, and grid or interconnection support.

For aerospace facilities, a simple product-output metric does not fully reflect the relationship between emissions and production. Facility energy use can be affected by weather, building loads, product mix, long production cycles, operational requirements, and infrastructure constraints. Ecology should therefore evaluate weather normalization, facility-specific adjustments, and other methodology-sensitive approaches before applying a uniform intensity-based reduction.

Production and facility-boundary considerations are particularly important for aerospace facilities, where covered emissions may be affected by complex product mixes, long manufacturing and assembly cycles, common utility systems and infrastructure serving multiple production areas or buildings, building-related energy use, weather, and facility infrastructure. Boeing understands that the current EITE allocation framework applies to covered emissions at the regulated facility and does not extend the facility's allowance obligation to Scope 2 or Scope 3 emissions.

Ecology should therefore clearly distinguish among (1) covered facility emissions used to determine EITE allowance obligations; (2) other emissions or costs, such as purchased-electricity costs and supply-chain emissions, that may be relevant to evaluating leakage risk and decarbonization feasibility; and (3) optional upstream, downstream, or co-benefit information submitted under ESSB 6246. These categories should not be combined in a manner that expands a facility's allowance obligation or creates double counting.

Before using production or emissions assumptions to establish a CAF or evaluate decarbonization potential, Ecology should publish clear protocols addressing the applicable

facility boundary, product and production metrics, shared utilities, common infrastructure, product mix, weather-sensitive operations, abnormal operating periods, data quality, and potential double counting. Purchased electricity and supply-chain emissions may be relevant to complementary policies and feasibility assessments but should not be treated as covered facility emissions unless expressly authorized by law.

A CAF should also recognize that decarbonization projects may require long planning and implementation periods. Ecology should consider temporary relief, transition adjustments, or other mechanisms where a facility has a credible project plan but cannot complete implementation because of permitting, grid, technology, procurement, or capital-planning constraints outside the facility's reasonable control.

Focus Area 2 — As-needed adjustments

Boeing supports narrowly defined, objective, transparent, and appealable adjustment procedures rather than broad discretionary authority without clear standards.

Depending on the statutory authority provided, qualifying circumstances could include:

- A verified and material increase in leakage risk;
- Significant changes in the facility's external competitive environment;
- Major changes in tariffs, trade conditions, import penetration, or competitor carbon costs;
- Demonstrated technical infeasibility of additional reductions using commercially available technologies;
- Demonstrated economic infeasibility after considering capital costs, operating costs, energy costs, and financing conditions;
- Delays in permitting, grid interconnection, transmission, clean-energy supply, or other required infrastructure;
- Material changes in product mix or manufacturing processes;
- Abnormal operating periods that materially distort emissions or production data;
- Weather or other extraordinary conditions that materially distort the energy demand, emissions, or production data used for allocation or compliance-period analysis; and
- Other conditions that materially affect the relationship between production, emissions, and leakage risk.

Ecology should also:

- Establish quantitative screening indicators, such as trade-exposure ratios, import penetration, regional energy-price differentials, competitor carbon-cost differentials, production changes, and facility-level compliance-cost exposure.
- Define the evidentiary standards for each adjustment request.
- Establish a decision deadline, such as 180 days after receipt of a complete submission.
- Provide a clear process for identifying incomplete submissions and allowing applicants to cure deficiencies.
- Provide an appeal or reconsideration process.

- Allow interim relief where a delay in decision-making could disrupt compliance planning, project financing, or facility operations, subject to appropriate documentation, time limits, and reconciliation procedures.
- Permit temporary adjustments or grace periods for facilities with credible, funded implementation plans.
- Align any technical certification requirements with the independent licensed professional engineer framework established in RCW 70A.65.110(9).
- Ensure that adjustments are available for both carbon-intensity and mass-based facilities.

Focus Area 3 — Consignment

Boeing is willing to consider a carefully designed consignment policy if it is predictable, administratively practical, structured to produce measurable emissions reductions, and directly tied to documented emissions-reduction projects or programs benefiting eligible EITE facilities.

If Ecology recommends mandatory consignment, Boeing recommends that the policy:

- Include explicit legislative authorization.
- Establish a modest, predictable, and transparent consignment percentage.
- Avoid using consignment as an additional, unstated reduction in allowance value beyond the legislated schedule.
- Provide a clear process for revisiting the consignment percentage based on leakage risk, project availability, and program performance.
- Direct proceeds primarily to projects or programs at the facility from which the allowances were consigned, consistent with ESSB 6246, section 2(2)(c).
- Evaluate whether limited cross-facility pooling or transferability may be permitted, subject to statutory authorization, among eligible facilities under common ownership when projects provide documented emissions reductions at participating EITE facilities and preserve facility-level accountability.
- Allow multi-year use of proceeds consistent with capital planning, engineering, permitting, procurement, and facility turnaround schedules.
- Allow proceeds to be combined with grants, tax incentives, loans, and other public or private financing.
- Define eligible projects broadly enough to include:
    - Energy-efficiency improvements;
    - Electrification and electrical-infrastructure readiness;
    - Low-carbon fuels and energy-conversion projects;
    - Process improvements;
    - Engineering studies;
    - Front-end engineering and design, including for carbon capture where relevant;

  - Permitting and project-development costs;
  - Demonstration projects;
  - Research and development; and
  - Other projects identified through a credible technical and economic assessment.
- Provide expedited review for time-sensitive projects, including projects tied to facility turnarounds or equipment replacement cycles.
- Avoid duplicative verification by using, where appropriate, the independent licensed professional engineer framework required by RCW 70A.65.110(9).
- Protect confidential, proprietary, financial, and market-sensitive information.
- Establish clear consequences for unused, delayed, or redirected funds without creating unnecessary forfeiture risk where project delays result from permitting, grid, or technology constraints.

Consignment should supplement, not replace, a workable allowance allocation system. It should not be used to impose an implicit reduction schedule that exceeds the schedule adopted by the Legislature or authorized through rule.

Ecology should also evaluate whether a facility-specific, multi-year decarbonization account could be used to preserve the value of allowance-related assistance for approved projects that require extended engineering, permitting, procurement, or facility-turnaround timelines. Any such mechanism should be designed as a complement to, or alternative implementation model for, consignment and should not replace the facility's compliance obligation unless authorized by law.

Decarbonization assessments should distinguish among capital cost, operating cost, energy-cost changes, maintenance costs, allowance costs, project life, financing costs, reliability impacts, and the value of avoided emissions. Ecology should evaluate projects using a transparent lifecycle technical and economic feasibility framework rather than assuming that a facility can or should implement every technically conceivable project.

For example, replacing natural-gas-fired equipment with electric equipment may require substantial capital investment, new electrical infrastructure, higher operating costs, and changes to reliability or production operations. A project may be technically possible but not economically or operationally feasible within the applicable planning period. The assessment framework should therefore account for full lifecycle costs, technology maturity, grid availability, permitting, safety, reliability, and the ability to maintain product specifications.

The comparison should include the expected cost of continued allowance purchases, but should also account for allowance-price uncertainty, project financing, reliability, useful asset life, residual value, and the timing of capital expenditures. A lower near-term allowance cost should not be treated as conclusive evidence that a long-lived decarbonization project is economically infeasible, nor should a technically feasible project be treated as economically feasible without a complete lifecycle analysis.

Focus Area 4 — Complementary measures

Any CAF or consignment policy should be paired with funded, practical measures that address the barriers identified in ESSB 6246 and Ecology's report.

Boeing recommends consideration of:

- Targeted grants and low-interest loans prioritized using transparent criteria, including emissions reductions per dollar, feasibility, deployment timing, and strategic value;
- State-funded engineering, feasibility, and permit-readiness assistance;
- Support for transmission, interconnection, substations, and other infrastructure needed for industrial electrification;
- Access to reliable, affordable, and lower-carbon electricity;
- Long-term clean-energy procurement mechanisms, including power purchase agreements and virtual power purchase agreements where appropriate;
- Coordinated and expedited permitting for funded decarbonization projects;
- Coordination among Ecology, Commerce, the Utilities and Transportation Commission, utilities, and local air agencies;
- Support for technically credible, lifecycle-accounted low-carbon fuels and energy sources;
- Demonstration and pilot programs for emerging technologies; and
- Time-limited verification pilots rather than broad mandatory permanent submetering.

The state should also evaluate indirect electricity-related costs as a potential leakage and decarbonization issue, without treating purchased-electricity emissions as part of the current EITE facility allocation obligation. EITEs may face increased electricity costs as the power sector transitions under the CCA and the Clean Energy Transformation Act. At the same time, electrification may be an important pathway for reducing covered direct facility emissions. A policy that encourages electrification without addressing electricity availability, reliability, interconnection, and cost could unintentionally discourage beneficial electrification or increase leakage risk.

Use of new reporting requirements

Boeing supports the reporting framework established by ESSB 6246, section 1(9), provided Ecology implements it efficiently and protects confidential information as required by the statute.

Boeing also appreciates that RCW 70A.65.110(9)(a) states that the reporting framework is not intended to require implementation of any specific emissions-reduction measure. Ecology should preserve that distinction in guidance and rulemaking: reporting and assessment requirements should inform future policies and funding decisions, but should not themselves be treated as a mandate to implement a particular technology.

Ecology should:

- Use the December 1, 2028, facility assessments to inform the first major review of the 2035–2050 schedule.
- Avoid duplicating information already submitted under GHG reporting, Cap-and-Invest, permitting, or other applicable programs.
- Provide clear templates, definitions, and technical guidance before the first submission deadline.

- Recognize that project feasibility may change as technology, energy markets, permitting requirements, and infrastructure conditions evolve.
- Implement the statutory protection for financial, proprietary, and market-sensitive information, including protection for commercially sensitive assumptions and project-level information.
- Use aggregated reporting when presenting public results.
- Avoid requiring new permanent submetering solely for the purposes of the assessment.
- Consider the cost and availability of independent licensed professional engineers qualified to review complex aerospace facilities.

Boeing also encourages Ecology to distinguish clearly between reporting and assessment requirements, financial incentives, allowance-allocation conditions, and mandatory emissions-reduction obligations. Because the reporting framework is not intended to require implementation of any specific emissions-reduction measure, any future requirement to implement a particular technology or project should therefore be separately authorized, technically justified, and accompanied by a feasibility, cost, permitting, safety, and reliability analysis.

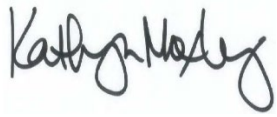
Conclusion

Boeing supports Washington's objectives to reduce emissions, protect communities, and maintain a growing and sustainable economy. For aerospace, achieving those objectives requires a policy that recognizes facility-specific conditions, preserves equitable treatment of production growth, provides predictable compliance treatment, and addresses the technical and economic barriers to decarbonization.

Boeing supports a phased CAF, objective adjustment procedures, and carefully designed consignment if these mechanisms are accompanied by effective safeguards and complementary support. We encourage Ecology to use the statutory framework enacted through ESSB 6246, including the production-growth protection for NAICS 3364 facilities and the reporting process beginning in December 2028, to develop recommendations that achieve real emissions reductions without creating avoidable leakage, job loss, or loss of aerospace investment in Washington.

Thank you for considering these comments. Boeing would welcome continued engagement with Ecology, the Legislature, and other stakeholders as the 2035–2050 EITE framework is developed.

Sincerely;



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