



James Verburg
Regulatory Affairs Advisor
ST&S RPT - Biofuels Value Chain, Regulatory and Strategy

BP Products North America Inc.

4519 Grandview Rd.

Blaine, WA 98230

July 24, 2026

Adrian Young
Cap-and-Invest Policy Lead
Washington State Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503
Submitted electronically via Ecology Public Comment Portal

Subject: Comments on Cap-and-Invest: EITE Industries Report to the Legislature — Allowance Allocation Policies for Emissions-Intensive, Trade-Exposed Industries, 2035–2050

Dear Mr. Young:

On behalf of BP Products North America Inc. (“bp”), thank you for the opportunity to provide comments on the Washington State Department of Ecology’s (“Ecology”) May 2026 Report and recommendations to the Legislature on EITE Allowance Allocation for 2035-2050.

The US is at the heart of bp’s strategy – we have roots that go back more than 150 years here. All bp’s major businesses are active in the US, where we employ over 30,000 people and invest more than 40 percent of our global capital expenditure (\$6.6b of \$16.2b globally in 2024). bp employs approximately 1,700 people in Washington state at locations such as the Cherry Point refinery (“Cherry Point”), the largest refinery in Washington state, through our operation of the Olympic Pipe Line Company, and through our convenience and mobility outlets including am/pm and Travel Centers of America.

bp advocated for the adoption of the Climate Commitment Act (“CCA”) in 2021. As a company that recognizes the importance of reducing greenhouse gas (“GHG”) emissions on a global scale, we also acknowledge that emissions-intensive, trade exposed (“EITE”) industries, including petroleum refining, face unique challenges due to high energy consumption and exposure to global trade pressures. bp has invested heavily in improving energy efficiency, developing lower carbon fuels, and supporting Washington’s transition to a lower-carbon economy. However, competitiveness is essential for us to continue these investments. If bp’s Cherry Point refinery should become uncompetitive, operational curtailments or closures could force fuel supply to shift toward less-regulated sources, potentially increasing global GHG emissions, contrary to the CCA’s goals. As Washington advances its climate goals under the CCA, effective EITE allowance allocation will be essential for the program’s long-term success.

Executive Summary of bp's Position on EITE Allowance Policies

bp respectfully recommends that Ecology's report to the Legislature include a post-2034 EITE framework that balances cap integrity with effective carbon leakage protection, technical feasibility, and investment certainty. Specifically, Ecology should recommend policies that:

- Maintain effective carbon leakage protections for Washington refiners and other EITE facilities.
- Recognize petroleum refining as a hard-to-abate sector and align GHG emissions-reduction expectations with technology and infrastructure readiness.
- Preserve energy security, fuel affordability, manufacturing jobs and regional fuel supply resilience.
- Provide long-term policy and regulatory certainty necessary for major capital investment decisions.
- Confirm that any future linkage with California and Quebec will not eliminate the flexibility for Washington-specific protections needed to prevent leakage.

General bp Comments on post-2035 EITE Free Allocation Policies

Carbon leakage protection must remain the primary objective in accordance with the goals of SB 5126 and SB 6246

EITE policy exists because certain industries face both significant GHG emissions obligations and substantial domestic or international competition. For petroleum refining, leakage risk is particularly important because refined products compete against supplies from jurisdictions that do not impose comparable carbon costs. Reducing EITE allowance protections would not reduce demand for transportation fuels; it would instead introduce the risk of shifting production, investment, and GHG emissions to other jurisdictions.

A post-2034 allocation framework should therefore distinguish between actual achievable GHG emissions reductions and apparent reductions that result from curtailed production, reduced utilization, or facility closures. Policies that force reductions faster than technical and commercial conditions allow may not produce durable decarbonization. Ecology should recommend a framework that supports real facility-level GHG emission reductions, recognizes system dependencies such as carbon capture and storage (CCS), low-carbon power, hydrogen infrastructure, and liquid-fuel demand transition, and allows flexible compliance pathways where GHG reductions are technologically constrained.

bp encourages Ecology to recognize refining as a hard-to-abate sector

Cherry Point continues to evaluate and pursue feasible GHG emissions-reduction opportunities. However, deep refinery decarbonization is constrained by technical limitations, infrastructure availability, cost, and the maturity of key technologies. Many available refinery projects in the near-term provide incremental reductions rather than deep decarbonization, while critical technologies such as CCS, low-carbon hydrogen, electric furnaces, and large-scale electrification remain infrastructure-constrained or prohibitively expensive at scale. Significant

infrastructure investments outside the refinery fence line, such as investments for the development of low-carbon hydrogen or electric grid improvements also would be necessary before many deep-decarbonization projects could be considered feasible (see comments on Focus Area 4 below).

Washington should avoid policy outcomes that increase reliance on imported fuels or reduce regional energy security

Cherry Point provides significant regional refining capacity and contributes to fuel supply reliability in Washington and the broader PADD V region. The refinery also supports national and local energy security through its role in supplying transportation fuels and its capability to support military fuel supply. If local refining capacity declines before demand does, Washington will become more dependent on imported refined products from jurisdictions with less stringent environmental requirements and lower compliance costs.

Ecology should recommend to the Legislature an EITE framework that tracks real-world demand, infrastructure readiness, and technology availability. Demand decline for liquid fuels may not occur on the same schedule as statutory GHG emissions caps. A framework that fails to recognize these realities could impair affordability, supply resilience, and energy security without providing the benefits of global GHG emissions reductions.

Ecology should provide long-term policy and regulatory certainty to support capital planning

Cherry Point and other EITE facilities make investment decisions over long planning horizons. These decisions include routine refinery turnaround projects, reliability investments, commercial projects and potential GHG emissions-reduction projects that may depend on permitting timelines, utility infrastructure, and corporate capital allocation cycles. Stable and predictable EITE program design is necessary to support investment in Washington facilities.

Ecology should recommend a long-term framework with clear allocation rules, predictable review periods, transparent adjustment criteria, and explicit leakage-protection mechanisms. A stable, predictable framework will better support GHG emissions-reduction investments than an abrupt change in policy or vague rules that leave facilities unable to plan for future compliance costs.

Linkage should not come at the expense of Washington-specific EITE protections

bp supports market linkage with California and Quebec as it has the benefits of increasing policy certainty, market predictability, liquidity, and optimization opportunities. However, linkage should not require Washington to adopt EITE provisions that are incompatible with Washington's industrial structure or that fail to protect Washington refiners from leakage. Ecology should confirm that any linkage-compatible recommendation preserves effective leakage protection, export treatment, import safeguards, investment enablement, and feasible compliance pathways for hard-to-abate sectors.

bp Comments on Ecology May 2026 Report Focus Areas

Focus Area 1: Cap Adjustment Factor

bp is opposed to any cap adjustment factor (“CAF”) that is so aggressive that it induces carbon leakage or accelerates compliance costs before feasible decarbonization pathways are available. If Ecology recommends any form of CAF, the CAF should not be a single uniform reduction rate applied across all EITE sectors. Instead, it should be differentiated by industrial sector, based on demonstrated technical decarbonization potential and leakage risk.

For refining, any CAF should explicitly recognize the sector’s hard-to-abate characteristics, including significant process and combustion emissions, lack of commercially available deep-decarbonization options at scale, high capital costs, and dependency on enabling infrastructure outside the facility. Ecology should also include periodic review points to assess technology readiness, market conditions, and leakage indicators. Those review points should be paired with clear offramps allowing Ecology to suspend, slow, or modify any CAF when significant leakage risk is identified or when technology and infrastructure assumptions do not materialize.

Focus Area 2: Criteria and Methods for As-Needed Adjustments

bp supports creation of an adaptive adjustment mechanism, if adjustments can operate both upward and downward depending on changes in leakage risk, technology deployment, infrastructure availability, and external carbon market conditions. A mechanism that only tightens allocations would not provide adequate protection against changing market conditions or unexpected barriers to decarbonization.

Ecology should be authorized to use effective leading indicators to suspend, slow, or reduce any CAF when predictive leakage indicators materially increase or when Washington refiners face significant import competition from jurisdictions without comparable carbon costs. Relevant indicators should include changes in transportation-fuel import volumes into the northern regions of PADD V, refining-sector export market share losses compared to baseline conditions, refinery utilization changes, and carbon-cost differentials between Washington producers and competing suppliers. Accelerated allowance reductions may otherwise cause capacity reductions or shutdowns before practical decarbonization technologies are deployable.

Focus Area 3: Consignment Policy

bp does not support mandatory consignment requiring EITEs to auction a portion of their no-cost allowances and use the proceeds only for approved projects. A consignment policy would reduce the quantity of allowances available for compliance and effectively accelerate carbon-cost exposure before commercially viable compliance alternatives exist for refining. That increased exposure would raise leakage risk, particularly for products competing in markets where Washington carbon costs cannot be recovered.

Mandatory consignment would also be poorly aligned with refinery investment cycles. Refinery projects are typically tied to turnaround schedules, permitting timelines, utility infrastructure, engineering constraints, and corporate capital allocation processes. Deep-decarbonization

projects, even where feasible, may require hundreds of millions of dollars and could require funds to be accumulated over several years before deployment. This structure could create stranded funds or force investment in suboptimal projects rather than enabling the most effective emissions reductions.

As an alternative, bp recommends that Ecology consider a program like California's proposed industrial decarbonization approach, such as a Manufacturing Decarbonization Incentive, rather than mandatory consignment. Such a program should preserve full EITE allowance allocation, create a dedicated funding pool supported by auction proceeds from existing annual auction budgets, allow facilities to compete for grants, contracts-for-difference, tax incentives, and infrastructure funding, and reward verified emissions-reduction investments rather than penalizing facilities through reduced allocation. Funding should be technology-neutral and targeted toward projects that deliver measurable reductions while maintaining competitiveness.

Focus Area 4: Additional State Policies or Strategies to Support EITE Decarbonization

Additional state policies will be essential to support real GHG emissions reductions from EITE facilities. For Cherry Point and other hard-to-abate industrial facilities, the highest-priority enabling policy is infrastructure development. Washington should prioritize electrical transmission upgrades, new substation capacity, industrial electrification infrastructure, and interconnection improvements. Without sufficient grid infrastructure, industrial electrification cannot scale and policy assumptions about demand transition and facility-level reductions may not be achievable.

Washington could also develop a statewide strategy for CCS, including evaluation of carbon dioxide transportation infrastructure, permitting pathways, regional storage opportunities, and coordination with neighboring jurisdictions. However, current regional CCS prospects are infeasible and technically challenging. Those that use point source capture combined with carbon mineralization or geologic sequestration are not deployable at Cherry Point or other facilities in Western Washington due in large part to the lack of geographically proximate storage repositories such as the Columbia River Basalt Group in Eastern Washington¹.

bp also supports industrial hydrogen development, but low-carbon hydrogen is not currently available at sufficient scale or cost to serve as a near-term compliance pathway for refinery decarbonization. State policy should support hydrogen production, transportation, storage, and end-use infrastructure while avoiding allocation assumptions that treat hydrogen as immediately deployable at commercial scale.

Finally, Ecology should recommend permitting reforms and coordinated agency processes for industrial grid upgrades, infrastructure improvements, CCS, hydrogen projects, and other low-carbon investments including those at petroleum refineries. Many emissions-reduction projects are constrained not only by economics but also by permitting and implementation timelines. Streamlined permitting, durable funding, and infrastructure planning would be more likely to

¹ TrapRock – Carbon Containment Lab, December 2025 ([link](#))

deliver real GHG emissions reductions than policies that simply reduce EITE allowance allocation.

* * *

Thank you again for the opportunity to comment on the Report to the Legislature for post-2035 EITE allowance allocation policies. bp appreciates Ecology's engagement with EITE facilities and other interested parties as it develops this important report. We look forward to continued dialogue with Ecology on a post-2035 EITE allowance policy that balances maintaining Washington's climate ambition while preserving energy security, affordability, jobs, and industrial competitiveness.

Sincerely,

A handwritten signature in black ink, appearing to read "James Verburg", written in a cursive style.

James Verburg

Regulatory Affairs Advisor, BP Products North America Inc.

cc: Pamela Brady – bp Senior Government Affairs Manager, US West Coast, C&EA
Matt Pennington – bp Government Affairs Manager, US West Coast, C&EA
Andy Hayes – C&I Section Manager, Washington State Department of Ecology
Joel Creswell - Program Manager, Washington State Department of Ecology