



July 24, 2026

Re: Cap-and-Invest: EITE Industries Report to the Legislature

Kaiser Aluminum appreciates the opportunity to comment on the Department of Ecology's report to the Legislature regarding the allocation of no-cost allowances to emissions-intensive, trade-exposed entities (EITEs) under the Climate Commitment Act. Kaiser has long engaged in the development and implementation of carbon emissions reductions efforts in Washington. We look forward to continuing to work with Ecology and other stakeholders to develop solutions that reduce emissions and allow businesses to responsibly operate and grow in Washington.

Kaiser Aluminum is the leading North American producer of specialty aluminum products, with thirteen manufacturing locations, including the Trentwood facility in Spokane Valley. Trentwood, originally built in 1942 to utilize regional hydropower and a consistent water supply, employs almost 1,000 workers, most represented by United Steelworkers Local 338. While serving customers around the world, Kaiser Aluminum is privileged to be a part of Washington's innovative aerospace industry as both a key supplier and a significant customer of Washington-produced equipment and materials.

Trentwood manufactures high performance aerospace and general engineering products. Through factory modernization and efficiency investments, Trentwood's energy efficiency has improved by 18% since 2010, and process improvements have reduced the distance products travel in-plant by almost 50%. Kaiser continues to push for energy and process improvements and recognizes the critical responsibility of all Washington businesses to operate responsibly and with the lowest feasible impact on the environment.

The 2026 Legislative Report

The Climate Commitment Act regulates greenhouse gas emissions in Washington. The Act includes a cap and invest program, which is a market-based system to achieve the State's greenhouse gas emissions limits. The program provides EITEs an annual allocation of no-cost allowances to cover most of their compliance costs. The proportion of no-cost allowances that each EITE receives is based on a measurement of emissions, production output, and a reduction schedule that decreases through 2034.

The reduction schedule allocates to each EITE 100 percent of the entity's allocation baseline for the years 2023-2026, 97 percent for the years 2027-2030, and 94 percent for the years 2031-2034. If the Legislature does not adopt an allocation schedule for EITEs by December 1, 2027, EITE facilities must continue receiving no-cost allowances as provided in the period 2031-2034.

During the 2026 Legislative Session the Legislature passed ESB 6246, which directs Ecology to provide recommendations to the Legislature by December 1, 2026, regarding the schedule of allowances for EITEs between 2035-2050.

The report must identify:

- A method for making annual reductions to EITE allowances that would ensure against leakage and does not conflict with annual allowance budgets and emission limits;
- Criteria and methods for adjustments to allowances allocated to EITEs at no cost to address changes in leakage risk and achieve statewide emissions limits;

- The proposed design of a consignment program that would require EITEs to invest a portion of no-cost allowances in decarbonization projects; and
- Additional state policies or strategies to support the reduction of emissions and decarbonization of EITEs.

In addition to the required recommendations, Ecology may include information on additional state policies or strategies that incentivize EITE facilities to use lower-carbon raw materials, recycled materials, or material substitution, to reduce the emissions attributable to the manufacture of an individual good or goods in the state.

Kaiser Aluminum's Emissions Reductions Opportunities

The Trentwood facility's overall carbon footprint has three main components—direct emissions from operations, emissions associated with purchased electricity, and indirect emissions associated with the raw material inputs to production. Historically, since the inception of the Clean Air Act of 1970, regulatory efforts have focused on reducing emissions from the on-site operational combustion of fossil fuels. In addition, Washington's Clean Energy Transformation Act (CETA) has focused on reducing emissions associated with purchased electricity. But those categories of regulated emissions do not represent the majority of Kaiser Aluminum's carbon footprint.

Kaiser's direct emissions, which account for approximately 13% of Trentwood's carbon footprint, are currently regulated through the Climate Commitment Act. These emissions will be very difficult to further reduce with existing technology at the pace required by long-term emissions reductions mandates. For example, the vast majority of Kaiser's direct emissions result from burning natural gas to generate the high heat necessary to melt aluminum. Emerging technologies such as green hydrogen, plasma electrification, and carbon capture are advancing, but they are not currently projected to advance at a pace sufficient to meet the emissions reduction requirements of the Climate Commitment Act.

Similarly, the emissions associated with Kaiser's purchase of electricity, approximately 9% of Trentwood's carbon footprint, will be challenging to materially reduce. Kaiser purchases electricity from regional power providers, which are required by the Clean Energy Transformation Act to make consistent emissions reductions and move to renewable energy. Reliable forecasts, however, indicate that electricity demand will outpace generation and transmission capacity, challenging utilities' ability to reduce emissions and threatening industrial electrification strategies.

Despite that challenging landscape, there is a meaningful opportunity to reduce the third, significant component of Kaiser's carbon footprint—emissions associated with raw material inputs to production. The emissions associated with raw material inputs represent approximately 78% of Trentwood's carbon footprint, and unlike direct emissions and purchased electricity emissions, present an actionable opportunity that does not rely on new or emerging technological advancements.

Consistent with international protocols, Kaiser can calculate the carbon intensity of every ton of prime and scrap aluminum used as an input to production. Using carbon border adjustment mechanism (CBAM) intensities provided by prime suppliers, it is clear that the source of prime aluminum significantly impacts Kaiser's raw material input emissions.

Primary Aluminum Supplier Power Source	Approximate MT CO ₂ e/AI MT, 2024-2025
Coal	20
Natural Gas	7
Electrical (grid)	14
Hydro	2

For example, prime aluminum produced by a coal-powered supplier has a significantly greater carbon intensity (measured as metric tons of carbon per ton of aluminum, or MT CO₂e/AI MT) than aluminum from a natural gas-powered supplier.

Moreover, the carbon intensity for scrap aluminum, an endlessly recyclable material, is 0 MT CO₂e/AI MT.

Through strategic sourcing efforts, Kaiser has improved the carbon intensity of its raw material inputs and continues to increase of scrap aluminum. Between 2024 and 2025, the average carbon intensity of Trentwood's raw material inputs improved from approximately 5.9 MT CO₂e/AI MT to 5.0 MT CO₂e/AI MT. This represented a 15% reduction in Trentwood's carbon footprint, which exceeds the total carbon footprint of the facility's direct emissions.

In addition, increasing scrap utilization and improving primary aluminum emissions intensity results in real emissions reductions. For example, take two potential raw material sourcing scenarios using 2024-2025 data from Trentwood:

Example Raw Material Sourcing Scenario	Reduction in Emissions Associated with Aluminum Inputs
10,000 MT increase in scrap utilization	Approx. 80,000 less MT CO ₂ e, or 13% reduction raw material input intensity
Reduce purchased primary aluminum intensity by 20% (based on supplier-reported CBAM)	Approx. 120,000 less MT CO ₂ e, or 20% reduction in raw material input intensity

Raw material sourcing emissions are impacted by sales volume and product mix and may change from year to year, but an annual calculation is real, verifiable, and auditable. Reducing Trentwood's carbon footprint by decreasing raw material input emissions is also consistent with international and industry protocols to address climate change, including the Aluminum Stewardship Initiative 1.5°C pathway, the Aluminum Association Pathways to Decarbonization, and the Greenhouse Gas Protocol and ISO 14064.

Reducing emissions through sourcing lower carbon inputs does not rely on new or emerging technologies. It does, however, come at increased supply costs. Additionally, to continue reducing emissions associated with raw material inputs, Trentwood will need to invest in significant process improvements to, first, enable greater scrap utilization and, second, enable the facility's specialized production of high-performance aerospace and general engineering products to run alternative grades of primary aluminum.

Kaiser Aluminum's Recommendation

In addition to the report elements and recommendations of ESB 6246 outlined above, the Legislature also required that by December 1, 2028, and every four years thereafter, EITEs must provide an assessment of technically and economically feasible measures to reduce greenhouse gas emissions. The Legislature recognized that in some cases, achieving emissions reductions would require technological advancements. As a result, the assessments must identify technically feasible emissions reductions projects, with a review of the economic feasibility of those projects.

Until there are significant advancements in new technologies, natural gas remains the only tool that melts aluminum at the necessary temperature for Kaiser to produce specialized heat treat sheet and plate at Trentwood. To enable companies like Kaiser to continue to produce their products and remain critical employers in Washington, it will be necessary to explore an alternative compliance pathway under the Climate Commitment Act.

One option to meaningfully reduce the carbon footprint of facilities like Trentwood would be the following:

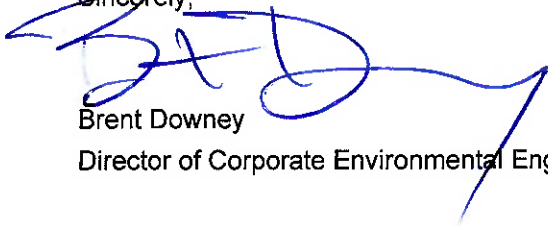
- A company provides Ecology an assessment of the technological and economic feasibility of alternative technologies for achieving required emissions reductions;
- Ecology reviews the assessment and, if the department determines that alternative technologies are not available or are not economically feasible, may authorize the company to comply with the emissions reduction requirements by demonstrating use of increased recycled content and/or raw material inputs that meet low-carbon sourcing requirements;
- As part of the process for using this compliance pathway, Ecology would require an annual third-party verification audit of both the carbon source data and the quantity of raw materials purchased.
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This recommendation would rely on benchmarking of a company's current raw material carbon intensity and industry standards for measuring the emissions associated with raw material inputs.

Conclusion

Kaiser Aluminum remains committed to the goals of the Climate Commitment Act. Although technologies like green hydrogen and carbon capture are under development, they are not tested and are not currently scalable to a level that make them viable options to produce highly engineered specialty aluminum mill products. An alternative compliance pathway that recognizes the value of recycled content and greener raw materials will enable companies like Kaiser to continue to responsibly produce their products in Washington.

Sincerely,



Brent Downey

Director of Corporate Environmental Engineering