



July 24, 2026

Adrian Young
Cap-and-Invest Industrial Policy Lead
Department of Ecology

RE: Department of Ecology's Report and Recommendations to the Washington Legislature on EITE allowance allocation for 2035-2050

Dear Mr. Young,

The BlueGreen Alliance appreciates the opportunity to provide input on the Department of Ecology's recommendations on the allocation of no-cost allowances to emissions-intensive, trade-exposed manufacturers (EITEs).

BlueGreen Alliance Washington brings together labor unions and environmental organizations to advocate for an economy that fights climate change, protects the health of people and the environment, stands against economic and racial inequality, and creates and maintains good-paying, union jobs in our communities. Our labor partners represent workers in manufacturing facilities and those who build the facilities and related infrastructure.

One of BGA Washington's core goals is to make our state a leader in clean manufacturing. This includes maintaining, expanding, and decarbonizing Washington's manufacturing base. With Washington's high environmental standards and low-carbon electric grid, sustaining a strong manufacturing economy is one of the most important contributions our state can make toward a net-zero global industrial sector.

However, leading in clean manufacturing is about more than transforming facilities in our state. It also requires: 1) taking accountability for emissions embedded in Washington supply chains and in products consumed in Washington, regardless of where they are made, and 2) leveraging Washington's economic influence to drive the market transformation necessary for lower-carbon products to become the norm, not the exception, and to reshape the underlying economic forces that currently drive industrial carbon pollution.

With this vision of clean manufacturing leadership in mind, we have two recommendations for additional state policies and strategies to support the decarbonization of Washington's EITEs:

Recommendation #1: Improving access to electricity is a readily available strategy to accelerate the decarbonization of Washington's EITEs. Two potential solutions that Ecology should consider are improved forecasting and the development of hosting capacity maps.

RMI identified "access to stable, clean electricity generation" as the [most significant barrier to industrial decarbonization](#) in Washington, and BGA Washington recommends that it be a priority.

RMI estimates that decarbonizing Washington's eight EITE sectors will [increase electricity demand](#) by 7,568 GWh by 2030 and 13,975 GWh by 2050. Unfortunately, most utilities are neither forecasting nor planning for increased industrial load. For example, Puget Sound Energy forecasts nearly no change in industrial demand from 2021 to 2045, while Avista forecasts a nearly 20 percent decrease in industrial demand in its service territory from 2021 to 2045. Without proper forecasting and planning, ensuring industrial access to adequate and affordable clean electricity becomes increasingly difficult. This is especially true given [projections for a significant regional capacity gap](#).

In addition to generation capacity, cost is a barrier. Industrial facilities shoulder most of the [costs associated with grid interconnection and resulting from inefficient grid planning](#), compounding the capital costs of upgrading to electrified processes. Manufacturers also face many logistical challenges in interfacing with electric utilities.

Electricity accounts for a very high share of operating costs for most EITEs. While electricity accounts for just 2 percent of revenues across all U.S. manufacturers, it typically represents 10–35 percent of operating costs for emissions-intensive industries. That means the price of electricity is often the difference between competitiveness and closure. For example, the aluminum industry has noted a "make-or-break" threshold of \$40 per MWh for a primary aluminum facility to remain competitive.

It is widely recognized that the Pacific Northwest faces a growing risk of electricity shortfall, which poses significant barriers for manufacturers that require access to reliable power. Yet electricity supply constraints are only part of the challenge. Even if Washington and the region were to build the generation and transmission infrastructure needed to meet future demand, manufacturers would still face distinct accessibility and affordability concerns.

BGA Washington is currently convening a working group of labor unions, environmental groups, policy experts, and agency representatives to identify the most actionable, effective, and broadly supported solutions to ensure manufacturers can easily access affordable clean electricity. Those recommendations will be finalized in early fall 2026.

Two commonsense options to ensure adequate capacity, reduce costs, and eliminate logistical hurdles have emerged from the working group's collaboration so far, which Ecology should consider recommending that the legislature prioritize:

- **Require utilities to incorporate the decarbonization of their existing industrial customers into Integrated Resource and System Plans.** Utilities are required to plan for and demonstrate how they will comply with the Clean Energy Transformation Act. However, no similar planning obligation exists for the substantial new electric loads that will be required to meet the industrial decarbonization goals embedded in Washington’s statutory greenhouse gas reduction limits and the Climate Commitment Act. Requiring utilities to forecast and plan for the decarbonization of existing industrial customers is a basic step toward greater certainty around future capacity needs. This also creates an opportunity for utilities to evaluate industrial load flexibility as a non-wire solution, which could reduce overall system costs and benefit ratepayers.
- **Require utilities to make grid capacity hosting maps accessible to industrial customers and state agencies.** Planning industrial electrification projects requires significant upfront resources. For this reason, manufacturers are reluctant to pursue electrification without knowing whether there is sufficient grid capacity to support it. Currently, customers cannot access that information without contacting specific utilities, which can be difficult to navigate, or by submitting a formal interconnection request. This process is unnecessarily complex and expensive. Grid capacity hosting maps have been successfully implemented elsewhere to help state officials, agencies, and existing and prospective large-load customers easily assess where sufficient grid interconnection capacity is available to host new or expanding facilities. This removes a major barrier for manufacturers interested in pursuing electrification projects. Widely available hosting capacity maps would also help facilitate medium- and heavy-duty electric vehicle charging and the siting of battery energy storage systems, making them a valuable cross-sector solution.

Industrial load tariffs are another potential tool to help ensure that EITEs can secure power contracts at a sustainable price. We cannot offer specific recommendations on industrial load tariffs at this time. However, we encourage the Department of Ecology to coordinate with the Washington Utilities and Transportation Commission, including on the Commission’s recent large-load docket, to explore this option.

Recommendation #2: Washington should consider a Washington Clean Product Standard as an option to address the gap in demand-side policies in Washington’s EITE policy landscape.

Industrial decarbonization fundamentally hinges on market transformation. Demand drives supply; supply drives emissions. Nonetheless, demand-side strategies are a major gap in Washington’s EITE policy landscape.

For most industries, decarbonization solutions either already exist or are emerging rapidly. The challenge is that cleaner production often costs more. For manufacturers in emissions-intensive and trade-exposed sectors, overcoming this “green premium” is difficult because their products—such as steel, glass, and aluminum—are nearly indistinguishable and compete almost exclusively on price. Plus, they can be made practically anywhere. As a result, the current patchwork of

individual jurisdictions' varying supply-side policies tends to concentrate production of these types of products in locations with the lowest operating costs (i.e., the lowest environmental and labor standards). Without accompanying shifts in demand, supply-side policies have the potential to move emissions without necessarily reducing them.

Demand-side policies, like Washington's Buy Clean and Buy Fair program, de-risk investments in industrial decarbonization by signaling demand for low-carbon products. As investment increases, the cost of producing cleaner products declines. When paired with policies like the Climate Commitment Act that make polluting more expensive, low-carbon production becomes the competitive option.

Buy Clean and Buy Fair and the Clean Fuels Standard are Washington's most notable demand-side policies in the EITE policy landscape. Buy Clean and Buy Fair provides carbon accounting that differentiate commodity products by carbon intensity, not just by price. The Clean Fuels Standard regulates the carbon-intensity of fuels sold in Washington.

BGA Washington urges Ecology to recommend that the Washington State Legislature explore additional demand-side strategies, including a Clean Product Standard.

A Carbon Product Standard combines the carbon accounting tools from Buy Clean and Buy Fair with the Clean Fuels Standard's proven performance-based framework to regulate the carbon intensity of emissions-intensive products sold in Washington, regardless of where they are made. This leverages the state's entire economy to increase demand for low-carbon products, maximizing its contribution to the market transformation needed for a global net-zero industrial sector.

A Clean Product Standard could also: 1) reduce carbon pollution associated with imported, emissions-intensive products consumed in Washington; 2) incentivize Washington's manufacturers to reduce upstream supply chain emissions, a major decarbonization opportunity not covered by CCA; and 3) reduce the risk of leakage by rewarding Washington's manufacturers—who have a natural competitive advantage when the market values carbon intensity—for producing lower-carbon products sold in-state.¹

It is worth noting that Washington is home to manufacturers in the emissions-intensive and trade-exposed sectors identified in the Climate Commitment Act that do not meet the emissions threshold required to receive free allowance allocations. Those manufacturers face similar competitive pressures as covered entities without the same protections. A Clean Product Standard complements the Climate Commitment Act by helping to ensure that *all* Washington manufacturers in emissions-intensive and trade-exposed sectors that produce products sold in-state—regardless of size or emissions—are well-positioned to compete.

Thank you again for the opportunity to provide input and for your consideration. Please do not hesitate to reach out with any questions or for more information.

¹ "Lower-carbon" as defined relative to industry-wide performance.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessica Koski". The signature is fluid and cursive, with the first name "Jessica" written in a larger, more prominent script than the last name "Koski".

Jessica Koski
Senior Washington Policy Manager
BlueGreen Alliance