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Ash Grove Cement - Response to Ecology's Report and Recommendations to the Legislature on EITE Allowance Allocation (2035–2050)

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Introduction

Cement manufacturing is a foundational industry that enables virtually every sector of Washington's economy. Cement is the essential ingredient in concrete—the most widely used construction material in the world—and is indispensable for housing, transportation infrastructure, water systems, ports, energy infrastructure, and public works. There are currently no commercially viable substitutes capable of replacing cement at the scale required to meet society's infrastructure needs.

Approximately two-thirds of cement plant greenhouse gas emissions result from the chemical decomposition of limestone during clinker production (calcination), rather than fuel combustion. These process emissions cannot be eliminated through energy efficiency or electrification alone.

Policies governing post-2034 EITE allowance allocation should recognize that decarbonization pathways, technology readiness, investment timelines, and leakage risks differ substantially across industrial sectors. A uniform approach could have significant consequences for EITEs, and could unintentionally increase emissions through production leakage while reducing Washington manufacturing jobs.

Below are responses to Ecology's report focus areas of concerns and potential impacts.

Focus Area 1

Method for Annual Reductions to EITE Allowances

Assessing Decarbonization Potential

The ability of cement manufacturing to decarbonize should be evaluated using realistic assumptions regarding commercially deployable technologies rather than theoretical long-term potential.

Relevant considerations include:

- The distinction between combustion and process emissions.
- Availability and maturity of alternative fuels.

- Practical opportunities for electrification, including regional electric grid capacity and reliability.
- Carbon capture readiness, including transportation and permanent geologic storage infrastructure.
- Regional availability of supplementary cementitious materials (SCMs).
- Industry roadmaps that recognize regional differences rather than assuming a single pathway.

Many of the technologies necessary for deep cement decarbonization require infrastructure that is outside the control of individual facilities.

Sector-Specific Reduction Factors

Washington should not apply identical annual allowance reductions across all EITE sectors.

Instead, sector-specific adjustment factors should account for:

- proportion of process emissions;
- technology readiness levels;
- trade exposure and leakage risk;
- capital intensity;
- equipment replacement cycles;
- permitting timelines; and
- realistic deployment schedules.
- market readiness of lower carbon products

Because process emissions represent the majority of cement emissions, reductions available to cement plants differ substantially from sectors whose emissions are primarily combustion-based.

Complementary Policies

Allowance allocation alone will not drive decarbonization.

The State should prioritize complementary policies including:

- performance-based cement and concrete specifications rather than prescriptive material requirements;
- state procurement preferences that recognize lower-carbon Washington-produced cement and concrete;
- policies that encourage life-cycle carbon reduction rather than simply reducing emissions within narrow manufacturing boundaries.

Focus Area 2

As-Needed Adjustments to Allowance Allocation

Allowance allocation should retain flexibility for circumstances outside a facility's control.

Potential qualifying events include:

- facility expansions;
- market contractions;
- extended outages;
- natural disasters;
- supply chain disruptions;
- utility interruptions or power constraints;
- major infrastructure failures.

Adjustments should rely on objective operational data while allowing Ecology sufficient flexibility to address circumstances that cannot reasonably be anticipated through rulemaking.

The Washington Legislature created EITE protections to address carbon leakage and preserve industrial competitiveness. Any change to the purpose, eligibility, duration, and allocations of that protection is a legislative decision, and should not be made administratively through rulemaking.

Focus Area 3

Consignment of No-Cost Allowances

Determining Consignment Levels

Facilities should not be required to consign allowance value when technically feasible decarbonization projects are unavailable or when external barriers prevent implementation.

Examples include:

- insufficient grid infrastructure;
- lack of carbon transport and storage infrastructure;
- permitting delays;
- technologies that remain below commercial readiness.

Carbon markets also experience significant price volatility, making long-term capital investment decisions difficult if funding depends on uncertain allowance values.

Eligible Projects

Eligible investments should recognize the full range of cement decarbonization opportunities, including:

- alternative fuel infrastructure;
- supplementary cementitious material systems;
- waste heat recovery and cogeneration;
- energy efficiency;
- carbon capture readiness;
- projects that reduce lifecycle emissions even when benefits extend beyond traditional manufacturing boundaries.

Lifecycle benefits should be recognized rather than limiting evaluation solely to facility emissions inventories.

Facility Considerations

Project implementation should account for:

- environmental permitting timelines;
- utility upgrades;
- transmission availability;

- planned maintenance shutdowns;
- engineering and procurement lead times.

Many cement projects require several years from concept through commissioning.

Reporting

Reporting should emphasize accountability while minimizing administrative burden.

Reporting could include:

- project expenditures;
- implementation milestones;
- estimated emission reductions;
- explanation of deviations from expected performance.

Flexibility

Facilities should have adequate time to develop and implement projects.

Consigned funds should remain available for at least five years and preferably longer, 10+ years, recognizing that major industrial projects frequently require planning horizons approaching a decade.

While co-benefits are valuable, projects should not be disadvantaged simply because they maximize greenhouse gas reductions rather than criteria pollutant reductions in areas already meeting federal air quality standards.

Focus Area 4

Complementary State Policies

The largest barriers facing cement decarbonization are not simply funding.

Key policy gaps include:

- carbon capture transportation and storage infrastructure;
- permitting certainty;
- electrical infrastructure;
- performance-based engineering standards;

- market demand for lower-carbon cement and concrete.

The State can accelerate decarbonization by:

- adopting performance-based procurement standards;
- expanding lifecycle carbon assessment within public procurement;
- supporting demand for lower-carbon construction materials;
- facilitating carbon transport and storage infrastructure;
- improving permitting efficiency for industrial decarbonization projects.

These measures complement Cap-and-Invest by creating conditions necessary for investment rather than relying exclusively on increasing carbon costs.

Cross-Cutting Policy Considerations

Leakage

Preventing emissions leakage should remain a central objective of EITE policy. Leakage prevention is a climate protection policy.

Reduced production in Washington will likely increase global emissions if production shifts to jurisdictions with less stringent environmental requirements. Leakage can also reduce family-wage manufacturing employment and negatively affect communities that depend on industrial facilities.

Impact assessments should therefore evaluate:

- emissions leakage;
- economic leakage;
- employment impacts;
- impacts on local communities;
- impacts on Tribes and overburdened communities associated with shifting production elsewhere.

Regulatory Certainty

Industrial decarbonization requires investment decisions measured in decades.

Successful implementation depends on:

- predictable regulatory frameworks;
- stable allowance allocation methodologies;
- long-term policy consistency;
- coordinated infrastructure planning.
- realistic decarbonization pathways.

Frequent policy changes increase investment risk and delay deployment of decarbonization projects and efforts.

The Role of Cement

Washington should recognize cement as an essential, difficult-to-abate industry.

Because concrete underpins virtually all public infrastructure, policies should prioritize enabling long-term decarbonization while maintaining a competitive in-state manufacturing base. Achieving emission reductions will require realistic timelines, supportive infrastructure, and policies aligned with the technical realities of cement production rather than assumptions that apply equally across all other sectors.

Additionally, evaluating cement and concrete through its value chain and fuller life-cycle analyses will show cement and concrete to be some of the lowest embodied carbon and embodied energy construction materials available.