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BP Products North America Inc.
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Adrian Young
Cap-and-Invest Industrial Policy Lead
Washington Department of Ecology
P.O. Box 47600
Olympia, WA 98504-7600
VIA Public Comment Portal (<https://ecology.commentinput.com/?id-rapTtFh6V>)

Subject: bp Comment Letter Regarding the Treatment of Energy-Intensive, Trade-Exposed (EITE) Industries in Washington's Cap-and-Invest Program

Dear Mr. Young:

We are writing to provide BP Products North America Inc.'s (bp) comments on Document 6: Draft Recommendations on EITE Allowance Allocation 2035-2050 in connection with Washington's Cap-and-Invest program.

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, 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 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 low-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 state advances its commitment to climate leadership through the CCA, the way free allowances are allocated to EITEs is crucial for the long-term success of the program.

bp urges the Department of Ecology (DOE) to recognize the nuanced realities of refinery competitiveness and the risk of GHG leakage to out-of-state or international producers if free allowances to EITEs are reduced or eliminated after the third compliance period ending in 2034. bp supports maintaining free allowances for refineries beyond 2035. Free allowances help level the playing field, enabling Washington refineries to

maintain production, support jobs, and contribute to local economies – all while advancing GHG reductions. The loss of free allowances after 2035 with currently known deployable, scalable low-carbon technologies and availability of low-carbon grid electricity, would mean a dramatic increase in compliance costs, potentially rendering Washington’s refineries uncompetitive as compared to out-of-state and international suppliers.

bp’s Cherry Point refinery as part of a multinational company competes for limited capital across assets spanning the globe, and regulatory uncertainty makes it challenging for the refinery to attract new capital projects. Capital investment decisions in our sector are typically considered on a 10 to 20-year time horizon, and regulatory uncertainty could dampen the refinery’s ability to attract the capital necessary to enable a lower carbon transition.

bp encourages the DOE to recommend to the Washington legislature that linkage be made a top priority. We believe linkage contributes to long-term regulatory certainty and stability, which encourages low-carbon investment.

Finally, bp wishes to raise concerns about the inclusion of Carbon Border Adjustment Mechanism (CBAM) in Document 6. We believe this recommendation is likely to face significant legal questions. Instead of eliminating regulatory uncertainty for businesses, the associated legal questions could exacerbate it and CBAM’s inclusion may detract from the more achievable outcomes DOE is likely to recommend.

These recommendations aim to balance the goals of reducing GHG emissions, maintaining refinery competitiveness, and ensuring regulatory certainty for long-term investments. bp welcomes the opportunity to work collaboratively with DOE and other stakeholders to advance Washington’s climate goals in a way that minimizes carbon leakage, minimizes economic harm to Washington industries, and preserves the vitality and competitiveness of its important refinery sector.

Thank you for your consideration of these comments.

Sincerely,

James Verburg
Regulatory Advisor; Biofuels Value Chain

cc: Andrew Hayes – Cap-and-Invest Policy Section Manager

Joel Creswell – Climate Pollution Reduction Program Manager