



September 25, 2024  
Washington Department of Ecology  
300 Desmond Drive SE  
Lacey, WA 98503

**RE: Draft Rulemaking Amendments to Chapter 173-446 WAC and Chapter 173-441 WAC to enable linkage between Washington Market and the linked California-Quebec Market**

Environmental Defense Fund (EDF) appreciates the opportunity to provide input as the Department of Ecology (ECY) continues to make progress in this important rulemaking process to facilitate linkage with the joint California-Quebec market. EDF is a non-profit, non-governmental, and non-partisan organization that links science, economics, and law to create innovative, equitable, and cost-effective solutions to urgent environmental problems. EDF has over three million members and activists across the country, including over 100,000 in Washington state. EDF brings deep expertise to climate policy design, particularly the design of enforceable, declining, economy-wide limits on climate pollution. EDF has long pursued initiatives at the state, national, and international levels designed to reduce emissions of climate-altering and health-harming air pollutants. EDF has been deeply involved in the design and implementation of California's cap-and-trade program since the program's launch in 2012. We continue to provide technical and policy expertise to make the program as strong as possible going forward, and provide quarterly analysis of the program's auction results - as we also now do in Washington.

EDF actively engages with both the California-Quebec and Washington emissions markets to push for significant emissions reductions, essential for addressing the pressing climate crisis and fostering a more sustainable and equitable future. Washington's Climate Commitment Act (CCA) positions the state as a national leader in climate action, with the most ambitious enforceable limits on climate pollution in the country.<sup>1</sup> By taking decisive steps to cut greenhouse gas emissions, Washington is proving that climate action can go hand-in-hand with sustainability and economic prosperity.<sup>2</sup>

Over the past year, Washington has progressed towards linkage with the joint California-Quebec emissions market. As outlined in previous comments, EDF strongly supported the decision by

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<sup>1</sup> EDF, 2023, States With Binding Economy-Wide Targets: <https://blogs.edf.org/climate411/wp-content/blogs.dir/7/files/2023/02/US-States-with-Binding-Economy-Wide-Targets.pdf>

<sup>2</sup> Greenline Insights, 2024, Climate Commitment Act: Jobs and Economic Benefits in Washington State: <https://static1.squarespace.com/static/65bfcbe2a8a54819d4edc27c/t/66e9886c653e761075afd15e/1726580846681/Greenline+Insights+-+Climate+Commitmnet+Act+%28Full+Report%29.pdf>

Director Watson of the Department of Ecology to pursue linkage between these markets, and we similarly supported the passage of SB6058 this spring to further facilitate necessary changes. EDF celebrates the announcement this week that the governments of Washington, California, and Quebec have begun linkage agreement discussions, with a finalized linkage agreement possible by late 2025. While there are many steps left to take for all three jurisdictions, this is very encouraging progress and further serves as an example of the power of sub-national climate policy. These steps, along with the current linkage rulemaking, are significant moves toward the kind of robust, cross-jurisdictional collaboration that is required to address the climate crisis.

At the July 10 public workshop held by ECY staff, we learned in greater detail about some of the proposed tweaks to the CCA that ECY is considering for any potential linkage process to be as smooth as possible, while ensuring that the CCA's strong standards are maintained if not strengthened. EDF supports the changes proposed by Ecology in pursuit of program alignment, including ECY's intent to align Washington's compliance periods with those in Quebec and Canada in the event of linkage. Aligning compliance periods would reduce administrative burden in a linked market, and improve market stability and predictability. Ecology also laid out a proposed timeline for the current rulemaking, with a goal of adopting a linkage rulemaking in the fall of 2025. EDF encourages the Department to continue its thorough and timely progression towards this important decision, and will continue to advocate for Washington's potential linkage partners to undertake similar rulemakings on comparable timelines.

As ECY takes its next steps with the Environmental Justice Assessment, it is critical that ECY prioritizes meaningful engagement with communities overburdened by pollution and works to address the concerns of environmental justice advocates. This includes using the tools at Ecology's disposal, such as adopting standards and regulations to improve air quality in communities with high cumulative pollution burdens and eliminate disparities between overburdened communities and neighboring communities that are not overburdened. Ecology should make clear their intent to utilize these tools and should ensure that any potential changes to the CCA to better facilitate linkage maintain or strengthen Washington's existing program.

As we confront more and more damaging impacts from climate change, it becomes more important than ever that state and sub-national leaders pick up the pace on bold policies and work together. Collaboration through linked carbon markets is a proven way to scale up climate action.

EDF sees an expanded linked market as crucial for enhancing program ambition, ensuring long-term market stability, and making the system more cost-effective. A larger market would be more efficient and stable, which serves to both insulate the market from price shocks and to facilitate greater confidence in the longevity of the program. This in turn creates greater certainty in the program's ability to achieve essential emission reduction targets. Climate pollution is not constrained by state or even national boundaries. By linking markets, Washington, California, and Quebec can leverage the strengths and opportunities of their respective jurisdictions to achieve the common goal of greater and faster emissions reductions.

Linkage is the natural next step in Washington's leadership on climate, which is being closely followed by other potential climate leaders across the country. Linkage was also intended in the CCA from the beginning. This intent to expand its carbon market is one of several features of the

CCA that make it the gold standard for state-level climate policy - another is the ambition of its emission reduction targets in the near- and long-term. The integrity of these targets, which lay out the binding emissions reductions Washington will achieve on its progress towards decarbonization, must be maintained as Washington seeks to expand its leadership beyond its borders. This decade is a critical time for Washington, and the world, to dramatically reduce GHG emissions. The path Washington takes on the way to net-zero is crucial: greater near-term ambition means greater reductions in cumulative climate pollution. Long-lived greenhouse gasses, like carbon dioxide, can last for centuries in the atmosphere. This means that the pollution emitted today will continue contributing to climate impacts for generations to come. Preserving the pace of reductions laid out in the Climate Commitment Act, not just the long-term net-zero deadlines, is essential.

In summary, EDF supports ECY's effort to pursue program alignment and facilitate linkage through these proposed changes. EDF encourages ECY to consider any changes recommended by California and Quebec, so long as those changes do not compromise the environmental integrity of the program or result in adverse effects to overburdened communities. We appreciate the opportunity to engage in this process and look forward to following ECY's next steps towards linkage.

Sincerely,

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Environmental Defense Fund

