

Xinyuan Duan

Dear Stephanie Potts,

I appreciate the opportunity to comment on Washington State's Cap-and-Invest linkage program. My name is Xinyuan, and I am a student at Eastside Preparatory School with a strong interest in environmental policy and climate justice. I attended the public meeting held on February 27<sup>th</sup> at 2 pm.

I support the state's effort to link its carbon market with California and Québec, as this could enhance market stability and expand opportunities for emissions reductions. However, I would like to raise two key concerns:

1. Use of Auction Revenue

The Climate Commitment Act requires that at least 35% (with a goal of 40%) of auction revenues be directed to projects benefiting overburdened communities, as identified by the Environmental Justice Assessment. I urge the Department of Ecology to ensure transparency in how these funds are allocated and to prioritize investments in clean energy, pollution reduction, and climate resilience programs for communities most affected by environmental harm. Additionally, I encourage the state to provide public reporting on how funds are distributed to ensure accountability. I also have one question here: what is the rest of the auction money going to be used for?

2. Market Concentration and Allowance Hoarding

With the introduction of more allowances into the market due to linkage, there is a risk that large corporations could dominate the market by purchasing a disproportionate share of allowances, thus reducing competition and weakening this program's effectiveness. To prevent this, I recommend that Ecology implement strong market oversight and set stricter holding limits on allowances to ensure that a fair share of allowances remains accessible to smaller entities. Transparency in allowance distribution and regular evaluations of market behavior will help prevent monopolization and maintain the program's good intentions.

I believe that by addressing these concerns, the Cap-and-Invest Linkage program can be more effective in reducing emissions while ensuring fairness in the carbon market. Thank you for your time and consideration.

Sincerely,

Xinyuan Duan