

Front and Centered



**Re: Front and Centered Comments on Ecology's Proposal to Link Washington's Carbon Market with California and Québec**

Stephanie Potts  
WA Dept. of Ecology, Cap-and-Invest Program Linkage Planner  
P.O. Box 47600  
Olympia, WA 98504-7600

March 31, 2025

Dear Ms. Potts:

Front and Centered thanks the Department of Ecology for the ongoing opportunity to comment on the linkage process.

Front and Centered is a climate and environmental justice coalition of organizations led by and serving communities of color in Washington. Our mission is to advocate for the interests of frontline communities, who are first and worst impacted by the climate crisis, in advocating for a just transition from an extractive to a regenerative economy. In this letter, we seek to reiterate our concerns surrounding the proposal to link carbon markets. **Despite limited information, there is clear indication that the greenhouse gas emissions trading programs that Ecology is considering linking to are operating in a less than satisfactory manner and that linkage would serve only to frustrate both Washington's emission reduction goals and protective measures, as well as those of the linked markets. More importantly, the coalition fears that linkage would potentially lead to the continuation of an inequitable exposure to pollutants for frontline communities and would lead to benefits primarily to emitters.** For ease of access, Front and Centered's prior comments are attached to this letter.

Nevertheless, given that the Department of Ecology continues to pursue linkage, Front and Centered finds it necessary to provide public comment to the Department during this latest opportunity.

- I. Environmental and Climate Justice Must be Prioritized Concerns of Any Emissions Cap Market.

Washington State's Legislature, when passing the Climate Commitment Act, stated clearly their intent to address the historic inequities of environmental exposure and burden through the cap and invest market and to make doing so a central component of the policy. The Act begins by recognizing "communities that have historically borne the disproportionate impacts of environmental burdens and that now bear the disproportionate negative impacts of climate change." RCW 70A.65.005(3). The legislature went on to note that existing carbon policies "may not do enough to ensure environmental health disparities are reduced and environmental benefits are provided to those communities most impacted by environmental harms from greenhouse gas and air pollutant emissions." RCW 70A.65.005(4). The legislature then incorporated directives to (1) improve air quality in overburdened communities, (2) distribute resources acquired through the cap and trade program equitably, by prioritizing overburdened communities, and (3) re-stress the importance of consultation with overburdened communities in taking actions that affect those communities. RCW 70A.65.020; RCW 70A.65.230; RCW 70A.65.005(7).

In addition to the above requirements, the legislature directed the Department to consider linking with other jurisdictions, but simultaneously required Ecology to recognize "the special characteristics of the state's economy, communities, and industries." RCW 70A.65.060(3). The legislature more clearly articulated what it meant by detailing exactly the findings Ecology must make before entering into a linkage agreement, which includes a finding that linkage would not net adversely affect already overburdened communities in both Washington and linked market geographies. RCW 70A.65.210.

As noted above, Front and Centered provided detailed comments noting concerns with the effects of any kind of linkage on overburdened communities in Washington. Of top concern are fears that linkage would lead to worsened air quality in already overburdened communities in the state, as well as potentially lessened revenue as a result of lowered allowance prices. The state's Environmental Justice Council echoed these concerns in a letter to Ecology in October 2023. Both comments provided policy based solutions that the state could utilize to ensure that overburdened communities are protected by the cap and trade market in general, and especially in the event of linkage.

Of particular note in both the Front and Centered and EJC letter were policy recommendations to incorporate: (1) Facility-Specific Emissions Caps, (2) Limiting Use of Banked Allowances, and (3) Aligning Offset Policies to protect Overburdened Communities.

Resources for the Future, in their comment letter submitted during this public comment period, analyzed these three policy recommendations in detail. Front and Centered will not seek to reiterate all of the findings made in the study, but will draw out a few key points:

- 1) Facility-Specific Emissions Caps Would Reduce Pollution Exposure in Overburdened Communities

A key component of the legislature's intent in passing Washington's cap and invest law was to identify overburdened communities where the highest concentrations of criteria pollutants occur, determine the sources of those emissions and pollutants, and pursue significant reductions of emissions and pollutants in those communities. RCW 70A.65.005(7); RCW 70A.65.020. In its report, RFF finds that "[i]mplemented in tandem with linkage, [Facility-Specific Emissions Caps] can be a market-based backstop to air quality regulations, ensuring emissions reductions in disadvantaged or overburdened communities across jurisdictions at a rate equal to or greater than the state's average."<sup>1</sup>

As such, regardless of whether Washington were to link or not, it seems that Ecology should explore the use of Facility-Specific Emissions Caps as a method of reducing harmful emissions located in or around overburdened communities in the state. RCW 70A.65.020 directs the department to use.

## 2) Banked Allowances Have the Potential to Cause Emissions Increases if Linkage Were to Occur

As Front and Centered and the Environmental Justice Council both noted, the number of allowances currently banked within the California market may lead to increased emissions in Washington, as well as a substantial reduction in funds collected from allowance auctions. As a result, both Front and Centered and the EJC advocated for the use of expiry dates for banked allowances in a Washington independent market. In addition, the Environmental Justice Council recommended the disallowance of allowances banked in other jurisdictions prior to linkage.

Resources for the Future explored these recommendations and determined three possible options for implementing them in the case of linkage: (1) discounting compliance values of allowances based on their vintage; (2) restricting the use of allowances banked prior to linkage; and (3) establishing an expiration date for banked allowances.<sup>2</sup> RFF also found that these methods are ineffectual unless all linked jurisdictions adopt the same policy.

As such, Washington, if it continues to pursue linkage, should seek to incorporate one of the above options in the language of the linkage agreement itself.

## 3) Alignment of Offsets Policies

As both the Front and Centered letter and the Environmental Justice Council letter note, there is a mismatch between how Washington's cap-and-trade program treats offsets and how those same mechanisms are treated in California and Quebec. Of particular concern is the counting of offsets as either "under the cap"--meaning any offset used leads to a proportional decrease in the amount of allowances offered for auction--or "over the cap"--where there is no relation between offset use and allowance availability. Washington's implementation of "under the cap"

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<sup>1</sup> Nicholas Roy et al., Resources for the Future, Pub. No. 25-05, Considerations for Washington's Linkage Negotiations with California and Quebec 32 (2025).

<sup>2</sup> *Id.* at 33 (2025).

counting for allowances leads to a foreseeable reduction of total emissions, whereas California’s “over the cap” methodology could lead to an increase in allowable emissions.<sup>3</sup>

In any linkage agreement, there should be language requiring offsets to be accounted for in an “under the cap” method.

As RFF also notes, Washington has stricter requirements than both California and Quebec with regard to direct environmental benefits that must be provided by a project to be offset credit eligible.<sup>4</sup> Any linkage agreement should adopt the more stringent Washington standard and, further, there should be language that requires all linked jurisdictions to limit the usage of offsets by facilities located in or near overburdened communities to ensure enhanced prevention of harm to overburdened communities.

## II. Conclusion

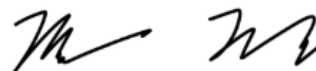
**Front and Centered reiterates its stance against linkage.** Third-party studies have shown that linkage would lead to potentially worse outcomes for overburdened communities, while the state’s own preliminary analysis came to indeterminate results on the same question. There are numerous issues with Washington’s independent market that need to be resolved, including how free allowances are allocated to various industries.

Nevertheless, if Ecology is to pursue linkage, it must do so in a manner that meets the requirements set forward by the legislature, which includes ensuring protection of overburdened communities. Front and Centered, as well as the Environmental Justice Council, have put forward multiple policy recommendations that the state can take action on to ensure the protection of overburdened communities. Many of these recommendations do not require linkage discussions to progress to be effective. The state should work to implement them in the short-term and should strive to incorporate language that requires all parties to any linkage agreement to uphold similarly strong policies to protect against the further harm and the equitable distribution of benefits to overburdened communities.

Sincerely,



Davin Diaz  
Environmental Justice Program Manager



Nico Wedekind  
Policy Counsel

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<sup>3</sup> Nicholas Roy et al., Resources for the Future, Pub. No. 25-05, Considerations for Washington's Linkage Negotiations with California and Quebec 34 (2025).

<sup>4</sup> *Id.*