



Jessica Spiegel

Vice President, Northwest Region

May 5, 2026

Sent via email to: CCALinkage@ecy.wa.gov

Stephanie Potts
Department of Ecology, CPRP Program
300 Desmond Drive. SE
Lacey, WA 98503

Re: Linkage of Washington Cap-and-Invest Program – Structural Readiness and Market Design Considerations

Dear Stephanie,

The Western States Petroleum Association (WSPA) appreciates the opportunity to provide comments on Ecology's ongoing work to evaluate potential linkage of Washington's Cap-and-Invest program with the Western Climate Initiative (WCI) programs in California and Québec. WSPA is a non-profit trade association that represents companies that safely explore for, produce, refine, transport and market petroleum, petroleum products, natural gas, and other energy supplies in California, Washington, Oregon, Nevada, and Arizona. WSPA does not have a position on linkage.

WSPA notes the preliminary modeling performed by the University of California, which was provided as Appendix F in the recent linkage criteria report only goes through 2030.^{1, 2} The 2030s include both program tightening and significantly reduced direct allocation of allowances to EITs. Combined, these impacts could seriously undermine the competitiveness of industry in Washington. It is important that both policy makers and regulators have access to longer duration modeling results to understand the long-term implications of program design, with or without linkage.

Large industrial facilities and organizations make decisions ahead of project construction or maintenance. Western Washington University notes in its study attached as Appendix E of the rulemaking materials that "*Capital investment for electric utilities, petroleum refineries, and other covered entities may move on a timescale of decades rather than years.*"³ Ecology itself further notes that "*businesses often need certainty that those projects will be economically viable over decades.*"⁴ This underscores the importance that Ecology ensure as long as their product remains in use by the public.

Linkage can enhance a well-functioning program, but it will not resolve structural issues with the Washington program and may exacerbate them. Recent independent economic analysis by NERA indicates that over an expanded time horizon, Washington's allowance prices are weighted by Cap-and-Invest program stringency and the pace of complementary policy implementation.

¹ <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>

² The model funding anticipated optionality; Ecology can model California moving to meet its state goal by 2045, and also model that California adopts the currently proposed 20-day package for the Cap and Invest Program and Mandatory Reporting Regulation Amendments.

³ <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>
at pg 175

⁴ Ibid, at pg 52

Modeling shows that allowance prices reach program ceiling levels under both linked and unlinked scenarios under the current program, with a longer time horizon to the ceiling levels under the linked program. As a result, while linkage is likely to provide initial cost relief for Washington businesses, NERA modeling indicates that relief may have a limited duration.

Accordingly, linkage should not be viewed as a durable cost-reduction mechanism. Rather, it changes how and when allowance costs are experienced and may expose Washington entities to price dynamics determined outside the state over time, particularly as market conditions evolve.

Linkage also has implications for state competitiveness. Washington fuel suppliers and in-state industries may face compliance costs shaped by external market conditions that do not reflect Washington-specific operational realities, increasing the risk of cost imbalances and emissions leakage.

Finally, differences in price containment structures remain a key consideration. Washington's mechanisms are more limited than those in the WCI market, and linkage without alignment of these mechanisms could expose participants to broader market price dynamics without equivalent safeguards. We therefore recommend that the design characteristics of the Washington market be evaluated to create safeguards for facilities within Washington.

We appreciate the opportunity to provide input and look forward to continued engagement. If you have any questions regarding our comments, please do not hesitate to contact me directly at (360) 918-2178 or via email at jspiegel@wspa.org.

Sincerely,



Jessica Spiegel
Vice President, Northwest Region

