

IETA Submission to Ecology: Washington-California-Québec Draft Linkage Agreement

Submitted via ECY's [Public Comment Form](#)
6 May 2026

The [International Emissions Trading Association](#) (IETA) welcomes this opportunity to provide guidance as requested by Washington's Department of Ecology (ECY) on the draft linkage agreement (henceforth referred to as the "Agreement") between California, Québec, and Washington State. IETA has long supported linkage and fungibility across compliance carbon markets. Linkage plays a central role in C&I programs by showcasing climate leadership, minimizing compliance costs, improving market functionality, and enhancing mitigation potential. **As such, IETA strongly supports Washington to establish formal program linkage with California and Québec, and we applaud the direction set by the Agreement.**

IETA's comments are structured around four sections:

1. **High-Level Linkage Comments:** Comments on the direction and timeline to achieve linkage.
2. **Program/Linkage Flexibility:** Comments on the potential for amendments to the Program Rule and Linkage Agreement
3. **Specific Comments on Fungibility:** This section re-emphasizes the need for fungibility to support market integration.
4. **Additional Considerations Outside of ECY's Rule Language:** Additional comments on amendments not raised in the Agreement.

Section 1: High-Level Linkage Comments

IETA acknowledges that several steps must be completed in California, Québec, and Washington for linkage to occur. We appreciate ECY's initiative in providing quarterly linkage updates and were happy to note that as of the [last quarterly update](#) (March 2026), Washington had initiated all internal steps necessary to achieve linkage. We were pleased to see that the recently published [Cap-and-Invest Linkage Criteria: Draft Findings](#) concluded that linkage would achieve the CCA's linkage purposes and criteria. We encourage ECY to maintain regular communication with regulators in California and Québec as they complete the steps necessary in their jurisdictions.

Overall, IETA strongly supports the Agreement, and we encourage regulators in all three jurisdictions to finalize the text at the earliest. A finalized linkage agreement could help keep all jurisdictions on track to complete the required linkage process steps.

Section 2: Program/Linkage Flexibility

During the formal linkage process, it is important for Washington to be able to adjust the C&I program to best align with California and Québec programs. In the context of ongoing program reviews in both California and Québec, ECY needs to have the flexibility to amend the program on an “as needed basis” when warranted through a public process that provides the market with sufficient notice to plan accordingly.

Program changes must be transparent, well defined and broadly communicated well in advance of implementation to avoid perverse market impacts. Any necessary program changes to facilitate linkage must be clearly communicated with adequate opportunities for stakeholder review and feedback to ensure entities can best adjust and manage compliance or market positions under the amended program.

The Agreement may also need to be changed in response to market conditions or updated legislation after linkage has occurred. IETA is pleased to see that the Agreement contains a section on amendments and encourages ECY to add a provision requiring the public to be notified of amendments before they take effect. Amendments to the Agreement should not distort the market and undermine the strong rationale for linkage.

Section 3: Specific Comments on Fungibility

IETA encourages Ecology to ensure full fungibility of allowances across the linked jurisdictions of Washington, California, and Québec. We are pleased with the direction set by Sections 6 and 7 of the Agreement. Full fungibility means unrestricted, equal-value interchangeability and acceptance of allowances for compliance purposes, without usage limits, discounting, or other constraints based on jurisdiction of origin.

Full fungibility is essential to achieving an efficient, well-functioning market. It would support maximum liquidity, enable effective price convergence across jurisdictions, and reduce overall costs for Washington consumers and businesses. Partial or conditional fungibility would undermine these benefits by fragmenting the market and limiting efficient trading across jurisdictions. For fungibility, it is important to maintain shared infrastructure that facilitates the interoperability of the programs, as established in Section 9.

Section 4: Additional Considerations Outside of the Draft Linkage Agreement

Additional Offset Considerations: While IETA continues to favor the offset approach employed in California and Québec — as it enables a wider range of abatement opportunities, thereby driving down compliance costs — we recognize Washington’s need to design its C&I Program to meet the state’s statutory and policy objectives. We remain confident that differences in offset design do not necessarily preclude linkage.

That said, Washington’s offset provisions add complexity and further narrow eligibility in ways that could reduce the cost-containment and liquidity benefits linkage is intended to deliver. The state’s Climate Commitment Act imposes tight constraints on offset use — including in-state generation requirements, Direct Environmental Benefit sub-limits, and restrictions on offsets from linked jurisdictions. IETA believes that the following requirements are especially concerning:

- Requiring **additional tribal offsets above the general offset limit** to provide DEBs to Washington.
- Maintaining a rule that **offsets from linked jurisdictions must be located within that jurisdiction**.
- Requiring **Washington-based projects to be issued under Washington’s own protocols**, rendering Washington-located projects developed under approved California protocols (and issued as CCOs) as ineligible for a DEBs designation in Washington.
- Issuing forestry offset credits on an assumed slope line over the course of a 10-year crediting period.

We understand that several of these restrictions — particularly jurisdictional generation requirements for linked offsets and the requirement that Washington projects use Washington protocols — are set in statute and cannot be modified through this rulemaking. Nonetheless, these constraints limit the pool of offsets eligible for compliance in Washington, even after linkage, which in turn reduces liquidity and increases compliance costs.

While it is outside the scope of the Agreement, IETA recommends ECY to **avoid over-narrowing tribal offset eligibility**. The proposed DEB requirement for additional tribal offsets above the general limit could further constrain supply without materially improving environmental integrity. We recommend retaining flexibility here to preserve cost-containment benefits.

Additionally, we recommend ECY **encourage legislative dialogue on the role and benefits of offsets.**¹ Ecology should engage with legislators to highlight how offsets, particularly those providing DEBs to Washington, can lower compliance costs, broaden abatement opportunities, and support local environmental and economic co-benefits. This dialogue could help inform future statutory adjustments that better balance environmental integrity with market efficiency in a linked system. With our experience supporting the integration of high-integrity offsets into compliance programs, IETA is prepared to assist ECY with any legislative proceedings.

Conclusion:

Once again, IETA appreciates this opportunity to provide feedback. Our community continues to dedicate significant effort to best leverage IETA's deep global and domestic carbon market expertise to provide ECY with constructive, solutions-oriented thinking. We aim to inform a pragmatic linkage pathway to support robust program development that achieves both climate outcomes and broader socioeconomic benefits.

We look forward to continuing our strong relationship with ECY and further engaging on California-Québec-Washington market linkage.

¹ For future legislative consideration, IETA recommends the following:

- a) Review jurisdictional location restrictions for linked offsets.** Consider allowing offsets from linked jurisdictions that provide DEBs to Washington, regardless of project location
- b) Enable protocol flexibility for Washington-based projects.** Consider allowing Washington-located projects developed under approved California protocols — where they meet DEB and verification requirements — to be eligible for compliance use