



May 6, 2026

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

Dear Director Sixkiller,

On behalf of Environmental Defense Fund (EDF), we appreciate the opportunity to provide comments responding to the Draft Linkage Agreement put forward by Washington, California, and Québec on March 3, 2026, as well as on the Draft Linkage Criteria Findings and Draft Environmental Justice Assessment released by Ecology in April. EDF appreciates the work of all three jurisdictions in advancing this important step in sub-national climate leadership, and we look forward to continued engagement through the finalization of this agreement and the implementation of the steps required by each jurisdiction to operationalize linkage.

Executive Summary

This draft agreement is a significant milestone in sub-national climate action. Linking the Cap-and-Invest and Cap-and-Trade programs of Washington, California, and Québec will create a combined market that is larger than Washington's standalone program, further enhancing stability by expanding the pool of cost-effective abatement opportunities available across all three jurisdictions and demonstrating that collaborative, cross-border climate leadership can be durable, transparent, and effective. Ecology's Draft Linkage Findings conclude that linking with California and Québec would meet the criteria set out in the Climate Commitment Act (CCA), and achieve the CCA's directive for the department to "seek to enter into linkage agreements with other jurisdictions with external greenhouse gas emissions trading programs"¹. EDF strongly supports linkage, and we encourage the timely finalization of this linkage agreement as well as the timely completion of the steps required by each jurisdiction for linkage to be operational by November, 2027.

In this letter, we:

- I. Affirm strong support for linkage, reinforced by Ecology's Draft Findings and Environmental Justice Assessment, as a necessary next step for the growth and impact of Cap-and-Invest programs that deliver affordability and climate benefits to communities in participating jurisdictions.
- II. Support the draft agreement's inclusion of language on revenue use for investments in overburdened communities, as well as the greater specificity with regard to accounting mechanisms to prevent double counting.
- III. Suggest two areas for improvement:

¹ RCW 70A.65.210 – Linkage with other jurisdictions. <https://app.leg.wa.gov/RCW/default.aspx?cite=70A.65.210&pdf=true>

- The Parties should provide greater clarity on the threshold for termination of the linkage agreement.
 - Parties should strengthen alignment on offset protocols consistent with language and precedent established in the 2013 California-Québec agreement.
- IV. Urge prompt finalization of the agreement and timely completion of all steps required by each jurisdiction to begin operating a linked market by November 2027.

I. Linking Washington, California, and Québec’s Cap-and-Invest programs will strengthen the market, deliver durable benefits, and expand sub-national climate leadership.

Linking the carbon markets of California, Québec, and Washington will produce a stronger, even more effective program than any of the three jurisdictions could sustain independently. The benefits of linkage are well-documented and mutually reinforcing.

Improved market efficiency: Linkage will lower costs for Washington businesses and consumers

A larger, more liquid carbon market is inherently more efficient and predictable. By pooling the allowance supply of three jurisdictions, a linked market expands access to lower cost abatement opportunities and can further reduce price volatility compared to a standalone program. This additional stability is important for covered entities in the program that need to make long-term decisions about emissions reductions; when businesses can plan around a predictable and durable price signal, they are better positioned to make investments in energy efficiency and decarbonization technologies that Cap-and-Invest programs are designed to incentivize. Linkage builds additional confidence in the program’s ability to deliver on the emissions reductions required to avoid the worst impacts of climate change.

For Washington covered entities, linkage is likely to result in lower compliance costs. Modeling in Ecology’s Draft Linkage Findings estimates that allowance prices in a linked market “would be significantly lower compared to the standalone scenario”², because of the relative size of the standalone Washington program compared to the California-Québec program, including banked allowances. This is especially important for Washington, where consistently strong demand at quarterly auctions has driven prices higher since the program’s launch in 2023, including four auctions at which prices triggered the Allowance Price Containment Reserve³. While these higher prices have generated substantial revenue for community reinvestment⁴, the opportunity to secure greater ambition at lower cost will be important over time. Linkage would give Washington covered entities access to a larger, more stable market with even more predictable prices, enabling the long-term investment planning that effective decarbonization requires.

Greenhouse gas emissions: Linkage will deliver greater long-term emissions reductions more cost-effectively.

² Washington State Department of Ecology Cap-and-Invest Linkage Criteria: Draft Findings, April 2026. <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>

³ [September 2023](#), [September 2025](#), [December 2025](#), and [March 2026](#) auctions triggered the Allowance Price Containment Reserve.

⁴ Washington state agencies have invested over \$1.5 billion in CCA revenue thus far. Department of Ecology, Cap-and-Invest auction revenue. <https://ecology.wa.gov/air-climate/climate-commitment-act/auction-revenue>

Linkage expands the pool of available emissions abatement opportunities, allowing emissions reductions to occur wherever they are most cost-effective across the linked jurisdictions. This improves the overall efficiency of the market and, combined with greater price predictability in a linked market, can empower policymakers and covered entities alike to pursue more ambitious emissions reductions targets knowing that compliance costs will remain manageable.

Modeling of linkage between Washington and California by Resources for the Future (RFF) projects that through 2045, net reductions of greenhouse gases in a linked market would exceed 50 million tons, compared to a standalone scenario⁵. These results translate directly into benefits for local air quality and public health, as well as for the climate. While the emissions modeling in Ecology’s Draft Linkage Findings extends only through 2030, it estimates comparable near-term greenhouse gas emissions in Washington in linked and un-linked scenarios. Further, the Draft Findings emphasize that Ecology “expects that linking will lead to greater total emissions reductions over the long term across the linked jurisdictions,”⁶ a conclusion that RFF’s modeling substantiates. The Draft Findings also affirm Ecology’s authority to adjust annual allowance budgets as necessary to ensure that Washington’s emissions limits are met and that covered entities achieve their proportionate share of reductions in 2030, 2040, and 2050. Linkage should catalyze greater mutual ambition among linked partners, unlocking greater cost-effective emissions abatement opportunities and allowing for more rapid emissions reductions.

Linkage builds on a proven model, scaling popular programs that deliver climate & affordability benefits.

Linking Washington with California and Québec is a deliberate and well-grounded expansion of a model that has been operating successfully for more than a decade. California and Québec have operated a linked Cap-and-Invest market since 2014, and have demonstrated that harmonized programs can achieve emissions reductions, generate substantial public revenue, and maintain political durability across multiple election cycles and changing political contexts. Washington’s program was designed from the outset to be compatible with linkage to California and Québec; operationalizing a joint auction is the critical and natural next step for all three jurisdictions.

In addition to cutting greenhouse gas emissions, Cap-and-Invest programs deliver tangible economic benefits to the jurisdictions where they operate. Modeling from Greenline Insights finds that between 2031 and 2045, California’s Cap-and-Invest program is expected to generate 287,000 jobs, \$55 billion in economic growth, and \$232 million in net savings for California households.⁷ Washington’s program is similarly projected to deliver meaningful affordability benefits and statewide economic growth; between 2024 and 2032, the program is expected to create 45,000 jobs and generate \$9.1 billion in economic output across the state.⁸ With investments from these programs already delivering concrete benefits to people across both states, and projections showing that these benefits will continue to grow, making California and Washington’s Cap-and-Invest programs as durable and stable as possible is essential. Linkage

⁵ Roy, Russo, and Burtraw, 2025, “Considerations for Washington’s Linkage Negotiations with California and Québec” (pg. 19). https://media.rff.org/documents/Report_25-05_Bu5rhlh.pdf

⁶ Washington State Department of Ecology Cap-and-Invest Linkage Criteria: Draft Findings, April 2026. <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>

⁷ Greenline Insights, Investments for California’s Future; Job and Economic Benefits of Cap-and-Trade Beyond 2030, May 2025, <https://www.greenlineinsights.com/investments-for-californias-future>.

⁸ Greenline Insights, Climate Commitment Act; Jobs and Economic Benefits in Washington State, September 2024, <https://www.greenlineinsights.com/climate-commitment-act>

would help provide additional durability by strengthening market stability, supporting long-term investment certainty, and helping ensure that these programs continue to deliver jobs, affordability benefits, and broader economic gains for residents across participating jurisdictions.

The benefits these programs deliver have also made them demonstrably popular. In Washington, voters rejected Initiative 2117 – which would have repealed the Cap-and-Invest program – by a margin of 23 points in November 2024⁹, affirming broad public support for the program’s goals and the benefits it delivers. In California, Cap-and-Invest also enjoys strong support, with polls showing that voters support the program by a two-to-one margin¹⁰.

Ecology’s draft findings and Environmental Justice Assessment also recognize that, by further improving market stability and strengthening the long-term durability of each program, linkage can help Washington communities realize greater benefits over time than they would under unlinked programs. A more predictable and durable market supports greater certainty for sustained investments in resilience, pollution reduction, and underserved communities. Importantly, under this agreement, linkage does not diminish Washington’s authority to maintain its own air quality protections or other safeguards designed to protect overburdened communities. Rather, by reinforcing program durability while preserving state-level protections, linkage can help ensure that communities continue to receive long-term climate, health, and economic benefits.

Ultimately, linkage would strengthen the scalability and durability of Washington, California, and Québec’s Cap-and-Invest programs, helping ensure they remain effective over the long term. By producing an even more stable market, with an even more predictable landscape for investment, linkage can help the participating jurisdictions deliver the greatest possible climate, health, affordability, and economic benefits to the communities they serve.

II. The draft agreement includes meaningful improvements upon the 2013 linkage agreement that EDF supports and urges the parties to retain.

The draft agreement is already strong and reflects meaningful improvements upon the earlier California-Québec linkage agreement. EDF commends the parties for the inclusion of the following provisions and urges their retention in the final agreement.

Revenue use for overburdened communities

The draft agreement articulates shared priorities for the use of revenues generated across the linked jurisdictions. The parties’ shared commitment to managing climate change impacts, investing in clean transportation and the clean energy transition, and improving public health, quality of life, and economic opportunity “particularly for disadvantaged and overburdened

⁹ BallotPedia: Washington Initiative 2117, Prohibit Carbon Tax Credit Trading and Repeal Carbon Cap-and-Invest Program Measure (2024).

[https://ballotpedia.org/Washington_Initiative_2117,_Prohibit_Carbon_Tax_Credit_Trading_and_Repeal_Carbon_Cap-and-Invest_Program_Measure_\(2024\)](https://ballotpedia.org/Washington_Initiative_2117,_Prohibit_Carbon_Tax_Credit_Trading_and_Repeal_Carbon_Cap-and-Invest_Program_Measure_(2024))

¹⁰ Global Strategy Group, New Poll Shows Vast Majority of California Voters Want More Done to Combat Climate Change and Help Address the State’s Affordability Challenges (February 18, 2026). <https://library.edf.org/asset-management/286XC5KXEKJB?&WS=AssetManagement&Flat=FP>

communities and vulnerable populations”¹¹ represents important alignment among the jurisdictions and a noteworthy improvement upon the 2013 California-Québec agreement. This language meaningfully addresses the “Invest” dimension of Cap-and-Invest, clarifying that program revenues are a core mechanism for delivering equitable benefits to the communities most affected by pollution and climate change. Revenue allocation and impactful investment are also critical to the continued public and political support of Cap-and-Invest programs, and making these commitments explicitly in the linkage agreement strengthens the accountability of all three parties to honor them. EDF strongly supports the retention of this language in the final linkage agreement.

Accounting Mechanisms to Prevent Double Counting

EDF also supports the parties’ decision to apply the accounting mechanism adopted by California and Quebec in 2022 to “avoid the double counting or double claiming of emission reductions”¹² between the jurisdictions. The transparency and specificity of these provisions are critical to the integrity of the agreement and of each individual program. The inclusion of a clearly outlined accounting adjustment mechanism underscores the parties’ commitment to data-driven, attributable emissions accounting and gives market participants and the public confidence that reductions are real and verifiable. EDF urges the parties to retain these provisions in the final agreement.

III. EDF recommends two areas where greater clarity in the final agreement would strengthen its integrity and durability.

- a. The threshold for termination of the linkage agreement should be more specifically defined.

The draft agreement acknowledges the purpose and necessity of a termination provision, an important safeguard for market integrity which ensures that the linked market has a clear mechanism to respond if a participating jurisdiction’s behavior jeopardizes the functioning of the combined market. However, further clarification on the threshold for termination of the agreement would strengthen the final agreement.

Currently, this threshold is defined as a standard of behavior that “may adversely impact the integrity and functioning of the market.”¹³ This standard is ambiguous in ways that could themselves become a source of market uncertainty: covered entities and market participants need to understand what kinds of actions or regulatory failures could put the continuity of the linked market at risk. A pre-defined threshold is both fairer to market participants and more likely to function as an effective deterrent against integrity-threatening behavior. The final agreement would be strengthened by the inclusion of specific and defined criteria for what would constitute sufficiently problematic behavior to trigger termination.

- b. Offset protocols should align with the language and precedent of the 2013 California-Québec linkage agreement

¹¹ Agreement on the Harmonization of Market-Based Programs for Reducing Greenhouse Gas Emissions Between the Gouvernement du Québec, the State of California, and the State of Washington, Draft, March 2026 (pg. 3) <https://apps.ecology.wa.gov/publications/documents/2614018.pdf>

¹² Id. (Pg. 12)

¹³ Id. (pg. 16)

Offsets play an important role in all three programs, and in Washington's program in particular, offset eligibility and protocol development have been an important feature of program design. Ensuring the final linkage agreement between the three jurisdictions preserves consistency with established offset protocols would protect the integrity of offset use across the linked market, and provide a clear framework for resolving any questions about offset eligibility that may arise as the three programs operate together.

To the extent the parties prefer to maintain flexibility on offset protocols rather than prescribing specific requirements in the agreement itself, EDF recommends that the final agreement include a commitment to a consultative process for aligning offset standards across the three jurisdictions.

IV. EDF urges prompt finalization of the agreement and timely completion of all required steps.

EDF urges Ecology, CARB, and the Gouvernement du Québec to prioritize the finalization of this agreement and to complete the steps required by each individual jurisdiction as expeditiously as possible. The benefits of linkage – lower compliance costs, greater market stability, and more cost-effective emissions reductions – are available only once the linked market is operational. The jurisdictions should prioritize finalizing all necessary steps so that linkage can be operational by November 2027.

Conclusion

The draft linkage agreement between Washington, California, and Québec represents a significant and well-grounded step forward for sub-national climate action. Ecology's analysis confirms that linkage meets the CCA's statutory criteria, and the extensive engagement process that produced this draft reflects the seriousness with which all three jurisdictions have approached this decision. EDF supports this agreement and the prompt finalization of all steps required to bring a linked market into operation.

At a moment when federal climate leadership has retreated and the urgency of emissions reductions continues to grow, California, Québec, and Washington have an opportunity to demonstrate that ambitious, collaborative, market-based climate policy can endure and expand. We urge the parties to seize that opportunity by finalizing this agreement promptly and moving forward together toward a linked market that delivers for the climate, for households, and for the communities that have borne the greatest burden of pollution across all three jurisdictions. We appreciate the opportunity to provide these comments and look forward to continued engagement through the finalization and implementation of this agreement.

Sincerely,

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