

May 6, 2026

Stephanie Potts, Cap-and-Invest Program Linkage Planner
Department of Ecology
300 Desmond Dr SE, Lacey, WA 98503

Re: Climate Solutions' Comments on the Linkage Agreement, Draft Linkage Criteria Analysis, and Environmental Justice Assessment

Dear Stephanie Potts,

Climate Solutions appreciates the Department of Ecology's ("Ecology") continued opportunities to engage and comment on potential carbon market linkage with California and Québec's joint market. Climate Solutions is a nonprofit organization working to accelerate clean energy solutions to the climate crisis. We have been a strong advocate for the Climate Commitment Act since its inception and are deeply invested in its success. We have been engaged in the topic and process of linking since it was first introduced by Ecology.

Although prices are now leveling off, allowance prices were variable in the first two years of CCA implementation due to the uncertainty that comes with a new program and pressure from Initiative-2117. Linkage with the California-Québec market has the potential to stabilize prices. This predictability can help ensure the longevity of the program and help covered entities plan for their decarbonization investments, while also relieving administrative burdens, and, most critically, leading to greater reductions in greenhouse gas emissions across the region. This is an incredible opportunity for the participating states and provinces - and those that are considering similar cap-and-invest programs - to collectively improve their climate outcomes.

But in order to facilitate linkage and achieve those benefits, Ecology must ensure (per RCW 70a.65.210(3)) that linkage (1) does not impact Washington's ability to meet its climate mandates, (2) does not harm overburdened communities, and (3) provides benefits to overburdened communities. Below, we offer recommendations to support meeting each of these criteria through the process of linkage, the linkage agreement, and through additional policy mechanisms.

I. Linkage Agreement: Maintain language that facilitates ongoing review of programs and conversations.

According to Ecology, a linkage agreement can help facilitate a more successful merging of markets by establishing expectations – e.g., agreeing to hold auctions jointly using the same platform – and a process for regularly communicating, consulting, and coordinating. Ecology states that a linkage agreement cannot “modify existing laws and regulations, nor obligate jurisdictions to create new ones” so it appears that the draft linkage agreement generally serves its intended purpose.

We appreciate the inclusion of the following provisions:

- “The Parties shall continue to examine their respective regulations for the reporting of greenhouse gas emissions and for the cap-and-trade program in order to promote continued harmonization and integration of the Parties' programs.”
- “To support the objective of harmonization and integration of the programs, any proposed changes or additions to those programs shall be discussed between the Parties.”

Applied together, these two agreements indicate (1) the importance of revisiting policies as new information comes to light around different needs for harmonization and (2) the need to communicate, coordinate, and collaborate to facilitate successful linkage. This suggests that while the agreement itself cannot obligate a jurisdiction to create new laws or regulations, it can facilitate important conversations for the need for changes and safeguards to be put in place.

II. Consider adding additional recognition of commitments to improving outcomes in overburdened communities.

We appreciate that the linkage agreement includes, in its preamble, each jurisdiction’s shared commitment to using the proceeds from their programs to improve public health, quality of life, and economic opportunity in disadvantaged and overburdened communities. We recommend building on this statement to include an additional reference to each jurisdiction’s obligations to improve air quality in overburdened communities beyond investments. As part of the Consultation Committee’s charge in Section 12 to monitor program implementation, we also suggest explicitly stating that the committee will monitor the impact of linkage and each program’s design on overburdened communities and harmonize across programs to improve outcomes if gaps are identified.

III. Leverage existing policy mechanisms and processes already established to (1) ensure air quality improvements in overburdened communities and (2) maintain Washington's program stringency in a linked market.

It is critical that Ecology leverages existing safeguards in the Washington program to meet the linkage criteria.

- 1. Air Quality Rulemaking:** The rulemaking process required under RCW 70a.65.020(2) to reduce criteria pollution from highly polluting sources in overburdened communities is fundamental to the success of the CCA. We encourage the Department to work to formalize rule language expediently and to strive to identify high-priority emitters and issue reduction orders for criteria air pollution as soon as possible. If implemented effectively and expediently, the new air quality rule would be complementary to linkage, improving local air pollution while reducing regional greenhouse gas emissions.
- 2. EITE Compliance:** Ecology’s process to provide recommendations to the Legislature for emissions intensive trade-exposed industry (EITE) compliance under the law is another opportunity to address local pollution and protect Washington’s GHG laws. Until 2035, Washington EITEs will receive most of their allowances at no cost per statute. If EITEs continue to receive a majority of their allowances at no-cost beyond this point, there is a high risk that EITE allowances exceed the cap. We encourage Ecology to develop recommendations for Washington to pursue a strong and effective EITE compliance pathway, taking lessons learned from Québec, which requires consignment of a percentage of allowances to be invested into

decarbonization, and California, which includes a cap adjustment and leakage risk factor. Not only will this reduce emissions in the state, it also helps to further align Washington with California and Québec's program.

- 3. The Emissions Containment Reserve:** As noted above, the linkage agreement sets the stage for continued collaboration and iteration on each jurisdiction's cap-and-invest program to ensure that linkage is successful. We encourage Ecology to hold discussions with other jurisdictions about the value of an Emissions Containment Reserve ("ECR"). Per RCW 70A.65.140, the intent of the ECR is to "help ensure that the price of allowances remains sufficient to incentivize reductions in greenhouse gas emissions." It is a simple, but effective tool that could ultimately help to address concerns with the potential impact of the large volume of California's banked allowances.

IV. Include impact of recent California updates to the Draft Linkage Criteria Analysis.

In its analysis of the impact of linkage, Ecology examines the near-term challenge of California's large bank of allowances and the ways that California is seeking to mitigate its surplus of allowances. This includes (1) removing 118 million allowances to adjust the cap and (2) placing offsets under the cap. We recommend that Ecology consider the potential impact of California's newest proposed update to its program, which would create an additional allowance reserve equal to the 118 million allowances that were removed specifically for industrial emitters. This is concerning, particularly at a time when California's most recent auction settled at the price floor and did not sell out of compliance instruments. For the integrity and effectiveness of the market, it is critical that this is addressed. Conversely, it would also be useful to understand the impact of California improving its treatment of offsets to mirror Washington and how that might help to *address* the stored allowance issue in the long run.

Overall, linkage provides a unique opportunity to work with other states and provinces to address climate change. We urge Ecology to leverage this connection to encourage linked jurisdictions to maximize the ambition, equity, and integrity of their respective programs, and to serve as a model for other states that are seeking to cap statewide emissions. Thank you for the opportunity to comment and we look forward to continuing to work with Ecology as it explores different pathways to linking with California and Québec.

Sincerely,



Altinay Karasapan
Washington Regulatory Policy Manager
Climate Solutions