July 22, 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 on Washington's rulemaking regarding Cap-and-Invest program updates and linkage. EDF is a non-profit, non-governmental, and non-partisan organization that links science, economics, and law to create innovative, equitable, and cost-effective solutions to urgent environmental problems. EDF has over three million members and activists across the country, including over 100,000 in Washington state. EDF brings expertise to climate policy design, particularly the design of enforceable, declining, economy-wide limits on climate pollution.

Washington has long been a leader in climate and environmental policy, and particularly in recent years the state has demonstrated the scale of what can be achieved when policy is designed ambitiously and thoughtfully to reduce greenhouse gas emissions and to deliver climate, public health, and affordability benefits to communities and households. The leadership of state lawmakers and agencies in designing and implementing the Climate Commitment Act was further bolstered by the leadership of Washington voters, who in November 2024 decisively rejected Initiative 2117 by a 23-point margin[1] and strongly affirmed the breadth of political support for cap-and-invest and the benefits it generates for Washington's climate, its communities, and its economy. In the five years since the Climate Commitment Act was signed into law, this policy has made Washington a national leader in climate action and shown how, in the face of federal

[1] 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)

attacks and backsliding, states can address the climate crisis and deliver significant affordability benefits to households and communities.

The Climate Commitment Act established the intention for the program to be compatible for future linkage with California and Québec. Bringing this intention to fruition by finalizing these regulations is the fulfillment of a key part of the promise of the Climate Commitment Act and will enable cap-and-invest to continue delivering benefits to Washingtonians for decades to come.

Summary of Recommendations

1. EDF supports linkage and urges the Department of Ecology to finalize these rules swiftly in furtherance of the shared goal of achieving functional linkage by November 2027. Linkage will enhance the durability and stability of Washington's landmark climate program so it can continue to deliver emissions reductions and public health, economic and affordability benefits for decades to come.
2. Linkage also presents opportunities for these three jurisdictions to strengthen their programs in innovative ways, and we encourage Washington to lead on implementation of program mechanics like the Emissions Containment Reserve (ECR) which, if jointly implemented, could improve the climate ambition of a linked program.
3. Furthermore, as linkage processes move forward, Ecology should prioritize progress on its rulemaking on Air Quality in Overburdened Communities to ensure that the Climate Commitment Act's dual mandate to reduce emissions and improve local air quality is fully achieved.

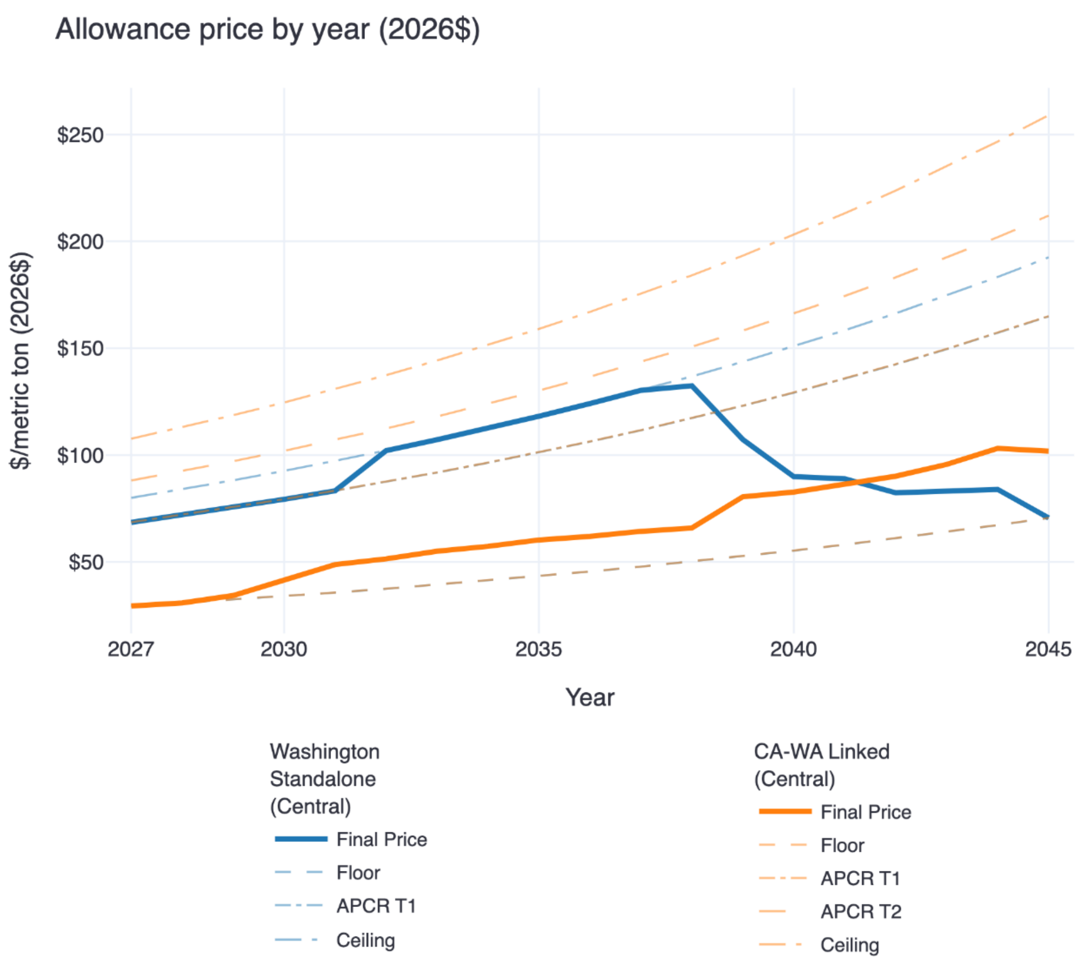
Linkage will create greater program stability and efficiency, unlocking greater emissions reductions at lower cost.

EDF strongly supports linkage and the finalization of these rules, particularly given the expected benefits of linkage to facilitate improved market efficiency, stability, and durability, and the ability of linked markets to secure greater greenhouse gas emissions reductions.

Improved market efficiency and stability

By joining its program with the linked California-Québec market, Washington will be part of the largest carbon market in North America, creating a more resilient system that reduces price volatility and strengthens confidence in pollution limits. Multiple studies find that allowances prices for Washington covered entities are projected to be lower in a linked market compared to a standalone scenario, including modeling by the University of California and Western Washington University, cited in the Department of Ecology's linkage findings,[2] and prior analysis by Resources for the Future (RFF).[3] New modeling from Greenline Insights commissioned by EDF also supports this finding. The analysis projects allowance prices in a linked market average about 32 percent lower through 2045 compared to an unlinked Washington market:

Figure 1. Auction-Clearing Allowance Prices, 2027-2045



Achieving greater price stability at a lower price point for Washington covered entities is particularly important, given that four of Washington's auctions since the program launched in 2023 reached sufficiently high prices to trigger the Allowance Price Containment Reserve (APCR).[4] The APCR has functioned exactly as designed, helping to

[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] 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

[4] September 2023, September 2025, December 2025, and March 2026 auctions triggered the Allowance Price Containment Reserve.

keep allowance prices from rising further while maintaining the level of allowance budgets in line with the state's emissions targets. However, given the finite number of allowances contained in the APCR, it is important for Washington's long-term program stability that prices settle at a lower price point. Linking with California and Québec would allow Washington covered entities to have access to a larger pool of allowances, thus cooling the high levels of demand seen in Washington's standalone market while unlocking access to the lowest-cost abatement opportunities available in each of the linked jurisdictions.

A larger linked market is also more likely to stabilize prices overall, due to increased market liquidity and to the fact that a more geographically distributed market is more resilient to price shocks. Greater price stability is essential for supporting long-term investment in decarbonization; when covered entities have a clearer picture of their long-term compliance costs under cap-and-invest, they can be more confident making investments in technologies to reduce their emissions. This certainty influences both the scale and timing of investments: in a more stable market, covered entities are more likely to make decarbonization investments *now* even if they take several years to pay off. Achieving emissions reductions sooner than later is essential for the climate: as the total amount of greenhouse gases emitted over time will determine the total extent of warming.

Securing program durability to enable continued benefits

Linking with California and Québec builds on a proven model of cross-jurisdictional climate leadership. California and Québec have operated their linked market since 2014, and have demonstrated for over a decade that harmonized programs can deliver emissions reductions, generate billions in revenue for community and climate investments, and maintain political durability and popularity[5] across changing political contexts. Washington's Cap-and-Invest program was designed from the outset to be compatible with this existing linked market, and the finalization of this rulemaking will be the culmination of a years-long process to deliver on that original design intent. This rulemaking is a crucial and necessary step towards operationalizing linkage, which will ultimately allow Washington covered entities to access a larger, more liquid market and put the state's climate policy on the most stable footing possible for the years ahead.

In addition to cutting greenhouse gas emissions, Cap-and-Invest programs deliver significant benefits to communities in the jurisdictions where they operate. In Washington, investments funded by cap-and-invest revenue have already helped expand public transportation, transition to affordable clean energy, prevent wildfire, improve air quality,

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[5] 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

and more.[6] With investments from these programs already delivering concrete benefits, making California and Washington's Cap-and-Invest programs as durable and stable as possible is essential. Linkage would help provide additional durability by strengthening market stability, supporting long-term investment certainty, and broader economic gains for residents across participating jurisdictions.

Delivering greater long-term emissions reductions more cost-effectively

Linkage will strengthen the ability of this landmark climate program to deliver on its foundational purpose, which is to cut greenhouse gas emissions at the pace and scale required to avoid the worst impacts of climate change. 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 reduction targets knowing that compliance costs will remain manageable.

Modeling of linkage from Resources for the Future (RFF) and new modeling from Greenline Insights[7] both project that linkage will result in fewer regional greenhouse gas emissions compared to a "standalone scenario" in which Washington does not link with California and Québec.[8] Further, the Draft Linkage Findings emphasize that Ecology "expects that linking will lead to greater total emissions reductions over the long term across the linked jurisdictions,"[9] a conclusion that RFF's and GLI's modeling substantiates. Linkage should catalyze greater mutual ambition among linked partners, unlocking greater cost-effective emissions abatement opportunities and allowing for more rapid emissions reductions.

Linkage can be a catalyst for program innovation and improvement.

Linkage with other programs provides Washington an opportunity to innovate and strengthen its Cap-and-Invest program, and in doing so, lead the way for linked jurisdictions to strengthen their programs as well. In the years since Washington's program launched, states have continually learned from each other's approaches. For example, in California's 2025 Cap-and-Invest program reauthorization the state placed offsets "under

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[6] Washington State Department of Ecology Climate Commitment Act Investments Fiscal Year 2025, [Distribution of funds from CCA accounts Fiscal Year 2025]

[7] Effects of Linkage on Washington Cap and Invest, Greenline Insights 2026 www.greenlineinsights.com/effects-of-linkage-on-washington-cap-and-invest

[8] 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

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

the cap," an approach Washington has used from program launch that increases environmental integrity and program ambition: if California had implemented this approach prior to its last compliance period, the result would have been 26M fewer allowances in circulation.[10] By adopting the approach used in Washington, California strengthened and modernized its program and demonstrated how climate leadership can evolve collaboratively.

As linkage moves forward and these programs begin to operate jointly, there will be opportunities to implement best practices that have already been identified and evaluated. Implementing an emissions containment reserve (ECR) is the next opportunity these jurisdictions should seize to ensure their programs continue to deliver the best balance of emissions reductions and revenue benefits. Similar to the Allowance Price Containment Reserve, a feature shared by all three jurisdictions, an ECR would adjust the supply of allowances available at auction in response to the price. If prices at auction remain near the price floor, fewer allowances would be made available for purchase – creating a temporary tightening of the emissions cap. An ECR allows jurisdictions to maximize the efficiency of this program exactly when it's most affordable to do so and is dormant if demand is sufficiently strong – meaning jurisdictions have nothing to lose except ambition.

Washington's program rules already include an ECR, and the proposed changes in this rulemaking – such as allocating a percentage of the newly created emissions allowances to the ECR – maintain its relevance as a program mechanism that could be easily operationalized by activating a trigger price if California and Québec were to also implement this feature.

If jointly activated, an ECR would deliver a dual environmental and economic benefit. By tightening the supply of allowances at times of low demand, the total number of allowances is reduced without requiring a high price signal to incentivize decarbonization, creating an opportunity for increasing climate ambition when emissions reductions are relatively less expensive. Furthermore, by providing a low-end market signal that constrains supply, an ECR can help keep prices off the price floor, maintaining an incentive for abatement and a critical source of revenue for the many climate and affordability programs funded by cap-and-invest revenue. Washington is uniquely positioned to lead on this front, given that it has already built the regulatory framework for an ECR into its program, even though the mechanism has not yet been operationalized with a trigger price. As linkage moves Washington, California, and Québec toward joint program administration, Washington should use this position to encourage its linkage partners to adopt an ECR as

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[10] https://ww2.arb.ca.gov/sites/default/files/cap-and trade/meetings/nc_CapInvestWorkshop_October2925.pdf

well, ensuring that all three jurisdictions can benefit from this tool in a coordinated way. Doing so would exemplify how linkage can serve not just to harmonize existing rules, but to actively raise the level of ambition and effectiveness across all participating programs.

Ecology should prioritize advancing its rulemaking on Air Quality in Overburdened Communities.

Washington's Climate Commitment Act set the gold standard for climate policy because it both enabled a Cap-and-Invest program that set a binding, declining limit on emissions *and* gave the Department of Ecology stronger tools to strengthen local air quality protections. To ensure that air pollution declines in overburdened communities, the CCA required the Department of Ecology to identify communities in Washington with high cumulative pollution burdens and to engage with those communities to deploy air pollution monitors. Ecology must then set air quality targets that will improve air quality to eliminate disparities between overburdened communities and neighboring communities that are not overburdened, and – critically – adopt new standards and regulations to meet those targets. These requirements are a powerful innovation that advances new tools for mitigating local air pollution in the same policy framework designed to tackle global climate pollution.

In the years since its passage, the Climate Commitment Act has begun to deliver substantial climate and economic benefits through Cap-and-Invest, but there are significant unrealized air quality benefits for Washington communities that can be unlocked through the full implementation of regulations to improve local air quality in overburdened communities. Ecology has taken important steps towards using the tools it was empowered with in the CCA, including the distribution of air quality monitors and identifying overburdened communities. However, until the rulemaking on air quality in overburdened communities is finalized, the adoption and achievement of stronger air quality standards won't be achieved. As Washington joins this broader linked market, Ecology should prioritize moving forward with its rulemaking on Air Quality in Overburdened Communities to ensure the CCA delivers on the dual promise to reduce greenhouse gas emissions and improve local air quality. Moving forward with these regulations will reinforce a standard for advancing these dual priorities concurrently.

Conclusion

EDF strongly supports the timely adoption of these rules and ultimate linkage of Washington's program with California and Québec. Finalizing this linkage rulemaking is a foundational step towards realizing the goal of an operational linked market by November 2027. Linkage is expected to lead to lower and more predictable allowance prices, leading to a broader and more durable market that delivers emissions reductions and economic benefits. Linkage also reinforces and strengthens sub-national climate leadership at a moment when federal climate policy has retreated, demonstrating that states and provinces can not only continue to make progress on climate and affordability, but can do so in partnership and collaboration with each other. As aptly noted at the June 25 signing of the linkage agreement between Washington, California, and Québec, “if you want to go far, go together.” We applaud Washington’s leadership in moving this important process forward.

Sincerely,

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Environmental Defense Fund