NRDC (Natural Resources Defense Council) (Jo Gardias)

NRDC Comments on Cap and Invest Updates and Linkage Agreement

Natural Resources Defense Council Comments on Proposed Cap-and-Invest Updates and Linkage

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Summary of Comments

NRDC (Natural Resources Defense Council) appreciates the opportunity to provide comments on Department of Ecology (Ecology) proposed updates to the cap-and-invest (C&I) program and linkage rulemaking.[1] NRDC is a national environmental organization working to safeguard people and natural systems from the climate crisis and safeguard the right of clean air, water and healthy communities, with over 550,000 members.

The proposed updates enact updates, in alignment with legislative direction, to reform the program and make changes to enable future market linkage between the programs in California, Washington and Québec. These changes are forecasted to further reduce carbon emissions within the jurisdictions.

Proposed linkage updates are predicted to further reduce emissions

The proposed updates to enable linking Washington's C&I program are poised to reduce greenhouse gas (GHG) emissions and improve the stability of the state's C&I program trajectory. Linking Washington's C&I program with California and Québec is predicted to result in net 50 million tons of greenhouse gas emissions reductions between 2025 through 2045.[2] These additional emissions are predicted to occur because, under linkage, Washington's C&I program is less likely to reach the Allowance Price Containment Reserve (APCR) trigger prices and price

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[1] Department of Ecology, "Chapters 173-441 and 173-446 WAC – Cap-and-Invest Program Updates and Linkagev," (2026).

[2] Nicholas Roy, Suzanne Russo, and Dallas Burtraw (Resources for the Future), "Considerations for Washington's Linkage Negotiations with California and Québec" (2025).

ceiling, which triggers access to additional allowances and, if exhausted, fixed price ceiling units that covered entities can use for compliance. On net, researchers have found that the increased price stability and lower likelihood to exhaust the APCR reach Washington's price ceiling can support lower net emissions reductions between all three jurisdictions. These cumulative emissions reductions will increase contributions to national emissions reductions and would improve the price stability of the linked C&I programs, despite likely mid-term compliance price and revenue impacts.

Beyond the scope of this regulation, other policy tools exist to mitigate the mid-term impacts of linkage on Washington's mid-term compliance impacts and program proceeds. NRDC reiterates its continued interest — as explained within NRDC May 6, 2026 comments on the draft linkage agreement[3] — in updates to the C&I program and complementary policies that can better target reductions in co-pollutants and further strengthen the C&I program ambition.

Updates align with legislative direction to improve power sector emission accounting

The proposed rules make several updates, in alignment with legislative direction, that will support more accurately account for emissions. As one notable change, the proposed updates formalize the requirement that the coverage threshold for unspecified imports to zero metric tons CO2-e per year starting in 2025, in alignment with SB 6058 (Senate Ways & Means, 2024).

The preliminary regulatory analysis also considered updates that would mitigate secondary dispatch leakage that could arise from EDAM and regional market participation.[4] The proposed updates do not adopt explicit changes on this issue but state that "Ecology anticipates that it will address leakage at some point in future rulemakings, but…we do not have sufficient data to make the appropriate changes at this time." We appreciate preliminary improvements made in the proposed update to the treatment of imports and appreciate staff commitment to continuing

[3] Jo Gardias (NRDC), "Natural Resources Defense Council Comments on Proposed Washington Draft Linkage Agreement," comments submitted on Recology draft Washington-California-Québec linkage agreement (2026).
[4] Washington Department of Ecology, "Chapter 173-446 WAC, Climate Commitment Act Program Rule and Chapter 173-441 WAC, Reporting of Emissions of Greenhouse Gases (Cap-and-Invest Program Updates and Linkage)", pg. 129.

further evaluation of this important issue, considering additional mechanisms remain to help mitigate secondary emissions leakage.

Conclusion

NRDC appreciates Ecology staff's work to update the C&I program in line with legislative intent and to adopt program changes that enable Washington's C&I program to link with California and Québec. These changes are predicted to further reduce sub-national GHG emissions and improve the stability of C&I program trajectory in the future. We reiterate interest in future opportunities to enhance the distributional equity of program revenues and complementary policy to improve co-pollutants and in future opportunities for improvements to the C&I program in future rulemakings, including monitoring of secondary emissions leakage.