

# Focus on: Cap-and-Invest Program Linkage

## Key Takeaways

- The Climate Commitment Act (CCA) directs Ecology to evaluate whether to [link Washington's Cap-and-Invest market](#) with other jurisdictions and provides specific criteria that must be met before linking.
- Washington, California, and Québec expressed mutual interest in linking carbon markets in [March](#) and [Sept.](#) 2024.
- Ecology has begun revising program regulations, as needed, to facilitate linkage. Before linking, the three jurisdictions will need to negotiate a linkage agreement and Ecology will complete an Environmental Justice Assessment.
- There will be opportunities for public input before a final decision is made.

## What is 'linkage'?

California and Québec linked their carbon markets in 2014. If Washington joins, allowances issued by the other two jurisdictions could be used by Washington businesses to cover their emissions, and vice versa. Washington would have joint allowance auctions with California and Québec, and all three jurisdictions would share a common allowance price. Market participants could also trade allowances across jurisdictions.

To link carbon markets, all the jurisdictions involved would need to come to an agreement about how linkage would work and what aspects of each program might need to be adjusted to support a shared marketplace.

## Why is Washington considering linking carbon markets?

The CCA directs Ecology to “seek to enter into linkage agreements with other jurisdictions with external greenhouse gas emissions trading programs” ([RCW 70A.65.210](#)). It also requires Ecology to review specific criteria to ensure linkage would be beneficial to our state's communities, economy, and climate goals.

Linkage would give Washington businesses access to a higher volume of emission allowances being traded. Larger markets generally have more consistent pricing because a larger pool of buyers and sellers reduces price swings. Linking Washington's market to the larger California-Québec market is expected to improve the market's sustainability and durability by stabilizing allowance prices. This could in turn reduce impacts to consumers in Washington, increase market confidence, and allow covered businesses to more effectively and proactively plan to decarbonize their operations.

## Linkage requirements in the CCA

Before entering into a linkage agreement, the CCA requires Ecology to determine that the linking jurisdiction and the linkage agreement meet certain criteria ([RCW 70A.65.060](#) and [70A.65.210\(3\)](#)), including:

- The linking jurisdictions have provisions to ensure their programs provide benefits to vulnerable populations and overburdened communities.
- Linking would not yield net adverse impacts on highly impacted communities in Washington, California, or Québec.
- Linking would reduce the cost of compliance for covered businesses.
- Linking markets would not impact Washington's ability to achieve its greenhouse gas emissions reduction limits.

## Linkage Process and Timeline

### Explore linkage: First half of 2023

Ecology sought feedback on whether to link carbon markets with California and Québec.

In the fall of 2023, Ecology shared the [Cap-and-Invest Linkage Criteria: Preliminary Analysis Report](#), which includes a summary of comments we received and our analysis of the impacts of linking.

**First half of 2023**  
Linkage exploratory process



**Fall 2023**  
Decision to pursue linkage



**Started in 2024**  
Align market policies  
Environmental Justice Assessment



**Likely in 2026**  
Linkage agreement



**2026 or 2027**  
Link markets



### Decision to pursue linking: Fall 2023

The Director of Ecology [announced a preliminary decision](#) on Nov. 2, 2023 to pursue linkage with California and Québec.

### Align carbon market policies: ongoing

Much of Washington's program was designed to align with California and Québec, but some changes are needed to the law and rules to link. [Senate Bill 6058](#) made changes to the law, and Ecology began a [rulemaking](#) process in April 2024.

### Environmental Justice Assessment: ongoing

The CCA requires Ecology to conduct an Environmental Justice Assessment focused on understanding how linking Washington's carbon market to the California-Québec market could potentially impact overburdened communities and Tribes. We began this [Environmental Justice Assessment](#) in June 2024.

### Linkage agreement: likely in 2026

The current [linkage agreement between California and Québec](#) is our starting point for developing a new linkage agreement that includes Washington. Visit the linkage webpage to [share your input](#).

We'll issue a final assessment of the linkage criteria prior to making a final decision on linkage.

### Link markets: 2026 or 2027

As mentioned above, in order to operate a linked market, Washington also needs to finish making regulatory changes that make our markets compatible, complete our Environmental Justice Assessment, and do a final linkage criteria assessment. California and Québec will have to take additional steps, too.

Depending on when linkage process steps and regulatory changes are completed by all three jurisdictions, we could begin operating a linked market in 2026 or 2027.

## Opportunities for public input

There'll be opportunities for public input before we sign on to a linkage agreement. Visit the [linkage webpage](#) or sign up for [Climate Commitment Act email alerts](#) to stay up-to-date and hear about opportunities to engage.

## Language services

We offer free language services about our programs and services for people whose primary language is not English. To request translation or an interpreter contact [CCALinkage@ecy.wa.gov](mailto:CCALinkage@ecy.wa.gov) or 360-742-1153.



**Stephanie Potts**  
[CCALinkage@ecy.wa.gov](mailto:CCALinkage@ecy.wa.gov)  
425-466-5358  
[cca.wa.gov/linkage](https://cca.wa.gov/linkage)



To request an ADA accommodation, contact Ecology at 360-407-6004, [CCAQuestions@ecy.wa.gov](mailto:CCAQuestions@ecy.wa.gov), or visit <https://ecology.wa.gov/accessibility>. For Relay Service or TTY call 711 or 877-833-6341.