

# Share your comments on Cap-and-Invest Program Linkage

## Ways to engage, Spring 2023

We are providing multiple options for sharing your input:

### Attend an online listening session:

[March 16, 2 p.m.](#)

[March 29, 6 p.m.](#)

[April 18, 10 a.m.](#)

### Fill out our survey:

[cca.wa.gov/linkage](https://cca.wa.gov/linkage)

### Email comments to:

[CCAlinkage@ecy.wa.gov](mailto:CCAlinkage@ecy.wa.gov)

### Leave a voicemail at:

425-466-5358

### Mail comments to:

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## Background

Established by the [Climate Commitment Act](#) (CCA) in 2021, Washington's [cap-and-invest program](#) is a comprehensive, market-based program designed to reduce carbon pollution and help Washington achieve the emissions reduction commitments set in state law. The CCA directs Ecology to evaluate whether to [link Washington's carbon market](#) with those of other jurisdictions and provides specific criteria that must be met to do so. Ecology is starting the process to explore linking with California and Québec.

Ecology is seeking input from partners and the public, with the goal of making a decision in the summer of 2023 on whether to pursue linking with California and Québec.

If Washington, California, and Québec each decide to pursue linking, the three jurisdictions will begin negotiating an agreement and revising their regulations, as needed, in order to align their programs. At this time, we cannot predict if or when we would enter into a linkage agreement with California and Québec. However, we anticipate that the process would take several years, so Washington's program would not be linked until 2025 or later.

## Share your comments on linking

We want to hear whether you think connecting to other carbon markets would be beneficial to Washington. We will use your input to inform our analysis of the linkage criteria laid out in the CCA and the decision on whether to pursue linkage. **Please share your comments with us by May 15, 2023.**

- What thoughts or comments do you have about how linking may impact you or your community?
- What input would you like to share to inform whether Ecology pursues linking carbon markets with California and Québec?

## Linkage criteria

The Climate Commitment Act includes specific criteria for Ecology to evaluate before linking carbon markets with other jurisdictions. Your input on how Ecology should evaluate these criteria will inform our analysis.

- What should Ecology consider when evaluating these criteria?
- Do you have recommended informational resources that could inform our analysis of these criteria?

Criteria #1: Ensure that California and Québec have provisions to ensure their programs provide benefits to vulnerable populations and overburdened communities.<sup>1</sup>

Ecology's initial proposal for evaluating this includes:

- Looking at what policies California and Québec have to ensure that their cap-and-trade programs provide benefits to vulnerable populations and overburdened communities.
- Reviewing the types of projects and programs that have been funded with cap-and-trade revenue in California and Québec.

Criteria #2: Ensure that linking would not have an overall negative effect on highly impacted communities in Washington, California, or Québec.<sup>2</sup>

Ecology's initial proposal for evaluating this includes:

- Reviewing existing research on the impacts of cap-and-trade programs on highly impacted communities in California and Québec.
- Reviewing the [CCA](#), the [HEAL act](#), and other environmental regulations for policies that would assess and mitigate negative effects on [highly impacted communities](#) in Washington.

Criteria #3: Ensure that linking markets would not impact Washington's ability to achieve its greenhouse gas emissions reduction limits, including an analysis of pre-2020 [unused allowances](#) in a linked program.<sup>3</sup>

Ecology's initial proposal for evaluating this includes:

- Reviewing the policies in the [CCA](#) and [related regulations](#) that allow Ecology to adjust the number of allowances offered each year based on whether the cap-and-invest program is meeting its goals.
- Reviewing existing analysis on the allowance supply in the California-Québec market.

Criteria #4: Ensure that linking markets would reduce the cost of compliance for covered businesses.<sup>4</sup>

In 2022, Ecology commissioned an [independent economic analysis](#) of the cap-and-invest program that showed estimated allowance prices under different scenarios. In that report, the "linked" scenario was estimated to have lower allowance prices because allowance prices were expected to align with those in the joint California – Québec market. We intend to use this report in our analysis of this criteria.



**Next steps**

After gathering and considering input, we will make a decision on whether to pursue linkage. We plan to issue a report in summer 2023 covering our initial analysis of the linking criteria, as well as a summary of the feedback we received during our exploratory process. We expect to announce a decision in summer 2023.

If we move forward with linking, there will be another opportunity for public input before we approve a linkage agreement (sometime in 2024 or later). You can sign up for [Climate Commitment Act email alerts](#) to stay up-to-date on our work.

**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 425-466-5358.

**For more information:**

- [Cap-and-invest linkage webpage](#)
- Climate Commitment Act: [Chapter 70A.65 RCW](#).
- Current [linkage agreement between California and Québec](#)
- [Summary](#) of market modeling and analysis of the proposed Cap-and-Invest Program Rule

<sup>1</sup> RCW 70A.65.210(3)(b)

<sup>2</sup> RCW 70A.65.210(3)(c)

<sup>3</sup> RCW 70A.65.210(3) and 70A.65.210(3)(d)

<sup>4</sup> RCW 70A.65.060(3)



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To request an ADA accommodation, contact Ecology by phone at 360-407-6800 or by email at [Melanie.Forster@ecy.wa.gov](mailto:Melanie.Forster@ecy.wa.gov), or visit <https://ecology.wa.gov/accessibility>. For Relay Service or TTY call 711 or 877-833-6341