

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.
- Before linking, the three jurisdictions will need to finalize a linkage agreement and Ecology will complete an Environmental Justice Assessment and do a final assessment of linkage criteria. We'll also need to finish making regulatory changes that make our markets compatible. California and Québec would each have to take additional steps too.

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 jurisdictions 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

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



2027

Link markets



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.

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

We worked with the other jurisdictions to develop a [draft Washington-California-Québec linkage agreement](#), and we'll hold public hearings and a public comment period to get input on the draft agreement. Full details can be found on the [linkage webpage](#).

Link markets: 2027

As mentioned above, 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 2027.

Stay updated

To stay up to date, visit cca.wa.gov/linkage or sign up for [Climate Commitment Act email alerts](#).



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