

As directed by the Climate Commitment Act (CCA), the Washington Department of Ecology is seeking to <u>link Washington's Cap-and-Invest carbon market</u> with the California-Québec market in order to strengthen our efforts to fight climate change and reduce air pollution. We will begin discussing the potential linkage agreement with California and Québec soon, and we'd like your input.

The agreement is just one piece of the linkage puzzle. To link, we'll also need to finish making regulatory changes that make our markets compatible, complete two Environmental Justice Assessments, and do a final assessment of how linkage would affect Washington's communities, economy, and climate goals. California and Québec will have to take additional steps too.

What is a linkage agreement?

The linkage agreement sets expectations for information sharing, cooperation, and accounting. It's non-binding and *does not* create new regulations or change existing ones—that can only be done through legislation or rulemaking, and each jurisdiction has full control over their own regulations.

The current <u>linkage agreement between California and Québec</u> is our starting point for developing a new agreement that includes Washington.

Share your comments on the linkage agreement

Before we start linkage agreement negotiations, we'd like to hear from you. Please review the current <u>California-Québec agreement</u> and share your comments by January **31**, **2025**.

- What do you think of the California-Québec agreement? Which parts do you support? Which parts concern you?
- What's missing in the California-Québec agreement that should be included in an agreement with Washington?
- How should we address environmental justice concerns in an agreement?
- What should we consider in our analysis of the linkage criteria? See the <u>preliminary analysis</u> we shared last year.

We're especially interested in understanding how a linkage agreement could impact Tribal communities, communities of color, low-income communities, and other communities who face multiple environmental harms or health impacts.

Comment by Jan. 31

Online: comment form

Email: CCALinkage@ecy.wa.gov

Call: 425-466-5358

Meet with us: Email us to schedule a 1-on-1 or small group meeting

Mail: Stephanie Potts WA Dept. of Ecology Climate Pollution Reduction Program 300 Desmond Dr SE Lacey WA 98503

We'll review your input, along with what <u>we've received over the past two years</u>, and bring your ideas forward in our discussions with California and Québec.

Frequently Asked Questions

What's in the California-Québec linkage agreement?

- An acknowledgment that the agreement does not modify existing laws and regulations, nor obligate jurisdictions to create new ones
- Expectations and a process for regularly communicating, consulting, and coordinating on topics including: program regulations, offset protocols, market integrity, and enforcement
- A process for resolving differences
- A commitment to holding joint auctions, accepting allowances and offset credits from linked jurisdictions, and using a common registry and auction platform, as allowed under each jurisdiction's regulations
- An expectation that offset protocols lead to emissions reductions that are real, additional, quantifiable, permanent, verifiable, and enforceable
- An agreed upon and transparent accounting mechanism that attributes greenhouse gas reductions to each jurisdiction and avoids double-counting
- Confidentiality obligations and information sharing
- Processes for amending the agreement, adding new jurisdictions, and withdrawing

How will linkage impact Washington?

We expect linkage to lead to more consistent allowance prices than what we'd see in a standalone Washington market. With more stable prices, businesses can better plan investments in emissions reductions.

Our program does not need to be identical to California and Québec's to link. For example, if we linked, Washington's limits on greenhouse gases would stay intact, and offsets credits would still be restricted and '<u>under the cap</u>.' Washington could still change its regulations, and the Legislature would retain authority over how CCA revenue is spent.

In 2023, we did a <u>preliminary assessment</u> of the linkage <u>criteria</u> in the CCA, which includes looking at potential impacts to our communities, economy, and climate goals. We'll do a final assessment of the criteria prior to linkage. That final analysis will incorporate any recent changes California and Québec have made to their programs.

How is Ecology considering environmental justice?

The CCA has several provisions to address environmental justice concerns. These policies will stay in place if we link.

Before Washington can enter into a linkage agreement, the CCA requires Ecology to do an <u>Environmental Justice</u> <u>Assessment</u> to understand how linkage could impact overburdened communities. We began this assessment in June 2024. The Environmental Justice Assessment will be taken into consideration when Ecology makes a final decision about whether to sign the linkage agreement.

What are the next steps for the linkage agreement?

We hope to share the first draft of a Washington-California-Québec linkage agreement in 2025. We'll ask for comments on the draft.

Sign up for <u>Climate Commitment Act email alerts</u> to stay up-to-date. Visit the <u>linkage webpage</u> to learn more about the other steps in the process.

Stephanie Potts CCALinkage@ecy.wa.go cca.wa.gov/linkage



To request an ADA accommodation, contact Ecology at 360-742-1002 or gabrielle.treweek@ecy.wa.gov, or visit https://ecology.wa.gov/accessibility. For Relay Service or TTY call 711 or 877-833-6341.

