



Cap-and-Invest Linkage online survey

We want to hear your input on 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 [Climate Commitment Act](#) (CCA) and the decision on whether to pursue linkage.

You can share your thoughts through this survey, by joining an [online listening session](#), or [emailing](#) or calling us. This is a complex topic, so we encourage you to take your time reviewing these questions and the information on the [cap-and-invest linkage webpage](#) before completing the survey. The linkage webpage explains potential impacts of linking.

When taking the survey, you have the option to skip questions, but be sure to click “submit comments” at the end of the survey to share your feedback with Ecology. You can also come back and finish the survey later (to finish later, you must use the same device and web browser you used to start the survey on because a cookie that remembers your previous survey responses is stored in your browser).

Take the Survey at <https://www.surveymonkey.com/r/CCAlinkagesurvey>.

Please complete this survey by 11:59 pm pacific on May 15, 2023.

Background

Established by the [Climate Commitment Act \(CCA\)](#) in 2021, Washington’s [cap-and-invest](#) program is a comprehensive, market-based program to reduce carbon pollution and achieve the greenhouse gas limits set in state law.

Washington’s cap-and-invest program is only the second of its kind in the United States. The first U.S. program began in [California](#) in 2013, at the same time a similar program was started in [Québec](#), Canada. Given their similar structure and goals, it was determined that “linking” the two carbon markets could yield important benefits by reducing carbon emissions and increasing program stability. California and Québec connected their programs in 2014, creating one shared carbon market.

Now, Washington is starting the process of determining whether linking our carbon market with these other jurisdictions would be beneficial. A linked cap-and-invest program would mean that Washington

would have joint allowance¹ auctions with California and Québec, and all three jurisdictions would share a common allowance price. Market participants could also trade allowances across jurisdictions — meaning allowances issued by the other two programs could be used by Washington businesses, and vice versa.

The Climate Commitment Act directs us to actively consider linking Washington's cap-and-invest program with other carbon markets and requires that our state's program be built in such a way that linking would be as seamless as possible. However, the law also requires us to review specific criteria to ensure linkage would benefit our state's communities, economy, and climate goals.

Ecology will decide whether to pursue linking in summer 2023 or later. California and Québec would need to undergo their own processes to decide whether to link, and then all three programs might need to revise some regulations, so linkage would not be implemented until at least 2025.

Resources to learn more about the cap-and-invest program and linkage before completing the survey:

- [Cap-and-invest linkage webpage](#)
- [Overview of cap-and-invest program](#)

For additional background:

- Climate Commitment Act: [Chapter 70A.65 RCW](#). Criteria for linking are in [RCW 70A.65.060\(3\)](#) and [RCW 70A.65.210\(3\)](#).
- Current [linkage agreement between California and Québec](#)
- Climate Commitment Act Program Rule: [Chapter 173-446 WAC](#)
- [Summary](#) of market modeling and analysis of the proposed Cap-and-Invest Program Rule

Next steps: 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, expected in summer 2023. If we decide to pursue linking, there will be an opportunity to provide input on the draft linkage agreement before Ecology approves it (sometime in 2024 or later).

Ecology plans to share a summary of comments we receive (without personal information) through a report on our website. Ecology will not respond individually to comments.

You can sign up for [Climate Commitment Act email alerts](#) to stay up to date on our work.

Please complete this survey by 11:59 pm pacific on May 15, 2023.

All information, including personal or contact, submitted through this survey are public records and subject to disclosure as per the Washington State Public Records Act, RCW 42.56.

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

¹ An "allowance" means a business is allowed to emit up to one metric ton of carbon dioxide equivalent. Allowances can be purchased from Ecology, traded, or saved for future use.

Participant information

1. Name (required)
2. Email address (required)
3. Organization or entity you represent (optional)
4. Type of organization/entity (optional)
 - Tribal government
 - Environmental organization
 - Environmental justice organization
 - Business / industry
 - Community group
 - State or local government
 - Individual
 - Other (please specify)

Overall comments on linking

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

Linkage criteria

Ecology is required to evaluate specific aspects of linkage ([RCW 70A.65.060\(3\)](#) and [RCW 70A.65.210\(3\)](#)) before linking carbon markets with other jurisdictions. The next set of questions asks for your input on how Ecology should evaluate four criteria, and your answers will inform Ecology's analysis.

Linkage Criteria #1

Ensure that California and Québec have provisions to ensure their programs provide benefits to vulnerable populations and overburdened communities.

Section of the Climate Commitment Act: 70A.65.210(3)(b)

How is Ecology currently planning to evaluate this criteria?

Ecology's initial proposal for evaluating this criteria 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.

7. What do you think Ecology should consider when evaluating this criteria?

8. Do you have recommended informational resources (reports, websites, research studies, etc.) that could inform our analysis of this criteria? Please provide links to the resources you mentioned or upload them into [this folder](#).

Linkage Criteria #2

Ensure that linking would not have an overall negative effect on highly impacted communities in Washington, California, or Québec.

Section of the Climate Commitment Act: 70A.65.210(3)(c)

How is Ecology currently planning to evaluate this criteria?

Ecology's initial proposal for evaluating this criteria 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.

9. What are your thoughts or comments on how linking may affect highly impacted communities, which includes communities on Tribal lands?
10. What are your suggestions for how to reduce potential negative effects of linking on highly impacted communities?
11. What do you think Ecology should consider when evaluating this criteria?
12. Do you have recommended informational resources (reports, websites, research studies, etc.) that could inform our analysis of this criteria? Please provide links to the resources you mentioned or upload them into [this folder](#).

Linkage 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.

Section of the Climate Commitment Act: 70A.65.210(3) and 70A.65.210(3)(d)

An "allowance" means a business is allowed to emit up to one metric ton of carbon dioxide equivalent. Allowances can be purchased from Ecology, traded, or saved for future use.

“Unused allowances” are allowances that businesses in the joint California-Québec market currently have because they have not used them for compliance. They may be saving them to use for future compliance obligations or to sell on the secondary market to generate revenue. If Washington links markets with California and Québec, businesses in those jurisdictions could start selling their unused allowances to Washington businesses or using them for compliance in Washington if they also have facilities here.

How is Ecology currently planning to evaluate this criteria?

Ecology’s initial proposal for evaluating this criteria 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.

13. What do you think Ecology should consider when evaluating this criteria?

14. Do you have recommended informational resources (reports, websites, research studies, etc.) that could inform our analysis of this criteria? Please provide links to the resources you mentioned or upload them into [this folder](#).

Linkage Criteria #4

Ensure that linking markets would reduce the cost of compliance for covered businesses.

Section of the Climate Commitment Act: 70A.65.060(3)

To comply with the program, participating emitters must periodically submit "compliance instruments" equal to their covered emissions. There are two types of compliance instruments, each equal to one metric ton of carbon dioxide:

- Emissions allowances that Ecology issues.
- Offset credits gained from investing in projects that help reduce carbon in the atmosphere.

How is Ecology currently planning to evaluate this criteria?

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 prices were expected to align with the allowance prices in the joint California – Québec market. We intend to use this report in our analysis of this criteria.

15. What do you think Ecology should consider when evaluating this criteria?

16. Do you have recommended informational resources (reports, websites, research studies, etc.) that could inform our analysis of this criteria? Please provide links to the resources you mentioned or upload them into [this folder](#).

Any other comments?

17. Do you have recommendations of organizations or individuals Ecology should talk to about cap-and-invest linkage?
18. What information and resources would you like Ecology to provide about linkage?
19. Do you have other input you would like to share?

Thank you for sharing your comments.

We know that engaging in this work takes time, and we are grateful for your help. This survey is part of a broader effort to seek public input on the potential linkage of Washington's carbon market. You can learn more about other opportunities for input [on our website](#).

We plan to issue a report detailing our analysis of the linking criteria, as well as a summary of the feedback we received during our exploratory process. After gathering and considering input, Ecology will decide whether to pursue linkage. We expect to announce a decision for Washington in late summer 2023.

If you have questions, contact Stephanie Potts at CCAlinkage@ecy.wa.gov or 425-466-5358.

You can sign up for [Climate Commitment Act email alerts](#) to stay up to date on our work.