



# Public Comments

## Cap-and-Invest Linkage Agreement

Public Comment Period from March 3 through May 6, 2026

Prepared by Cascadia Consulting Group, Inc. for the  
Washington State Department of Ecology

June 1, 2026

# Public Comments

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## Stephen Hall

The proposed linkage with the California–Québec carbon market raises serious concerns about market fairness and transparency. In a large linked market, excess allowances created when major emitters reduce operations or leave Washington can be absorbed by the broader system, preventing prices from falling naturally. This risks insulating the program from normal market signals and may effectively maintain higher carbon prices despite reduced in-state emissions. Proponents argue linkage protects the program from leakage and promotes market stability. However, it may instead sustain pricing levels and revenues rather than reflect Washington's actual emissions conditions. Policymakers should ensure carbon markets respond transparently to real economic and emissions changes.

## Susan Lyneis

I think all of this cap and trade should be canceled! Our fuel and electricity prices are to high that seniors like me on a fixed SSA income can't afford to live in Washington and the CCA is driving us deeper into poverty! Do not do this agreement or all of washington residents will pay for it!!

Jan Wachholz

Please continue to move forward with this agreement! We (Washington) want to be a leader in building momentum to cut greenhouse gases & commit to preserving our climate!



April 2, 2026

To the Washington State Department of Ecology

Subject: Public Comments on Cap-and-Invest Linkage with California

Linkage with California could cause carbon prices in Washington to plummet and could decimate the Climate Investment Account's revenue base as billions of dollars are siphoned out of Washington and diverted to subsidize California's Greenhouse Gas Reduction Fund. (Quebec has paid California about \$2 billion over the last decade<sup>1</sup> for allowances and offsets.) Washington's compliance costs would be reduced, but the same result could be achieved without the massive revenue transfer to California by reducing the stringency of Washington's regulations to bring them more in line with California's. California, for its part, could provide incentives for emission reductions beyond bare minimum statutory requirements, and could fully fund its GGRF, without relying on subsidization from Washington.

California could create such incentives by raising its Cap-and-Invest price floor beyond the paltry \$28 level at which allowances are currently selling, to a level commensurate with near-term GGRF revenue requirements. Washington should not link to California's Cap-and-Invest program unless California is willing to establish a joint price floor at least sufficient to finance the WCI partners' climate programs.

I addressed these issues more substantively in my recent comment letter<sup>2</sup> on the 2025 Annual Report of the Independent Emissions Market Advisory Committee (IEMAC)<sup>3</sup>, which is tasked with advising the California Air Resources Board and Legislature on the environmental and economic performance of the state's Cap-and-Invest program. An excerpt from my comment letter follows.

Ken Johnson  
Legislation and Policy Committee  
Climate Reality Project: Silicon Valley Chapter

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<sup>1</sup> [https://ww2.arb.ca.gov/sites/default/files/2022-12/nc-Article\\_8\\_Net\\_Flow\\_Report.pdf](https://ww2.arb.ca.gov/sites/default/files/2022-12/nc-Article_8_Net_Flow_Report.pdf)

<sup>2</sup> March 14, 2026 comment letter to the IEMAC

<https://calepa.ca.gov/wp-content/uploads/2026/03/Climate-Reality-Project-Comments-on-2025-IEMAC-Annual-Report.pdf>

<sup>3</sup> IEMAC <https://calepa.ca.gov/independent-emissions-market-advisory-committee/>

Excerpt from my comment letter to the IEMAC:

California and Washington should not link their programs unless the price floor is increased for the reason stated in the draft report on page 28: “California should link to a broader market only if partners have similar emissions targets, strong standards, similar co-benefit objectives, and governance provisions that provide for smooth exits while protecting the broader market.” The same condition should similarly apply to Washington.

There is an enormous disparity in the stringency of California’s and Washington’s programs as evidenced by allowance prices, which are currently selling at the floor (\$28) in California and at \$65 in Washington. California’s market is five times larger than Washington’s<sup>4</sup>, so linkage could cause carbon prices in Washington to plummet, and Washington’s in-state emissions would increase as the net flow of compliance instruments is directed from Washington to California. The GGRF could get an influx of revenue, at the expense of Washington’s Climate Investment Account (CIA), which would lose much of its funding support due to the lower allowance price and revenue transfers to California.

A characteristic of linked carbon trading markets in which jurisdictional caps are determined by political will and ambition is that the jurisdiction with the weakest and least ambitious emission caps is rewarded with a positive revenue influx from trading and offsets as other jurisdictions effectively pay the laggard to increase its ambition, allowing the others to reduce their ambition. If California is serious about climate action, it would encourage Washington to invest its resources in reducing its own emissions pursuant to the state’s net-zero goal for 2050, and California would not rely on subsidization from Washington to incentivize in-state emissions reductions beyond minimal statutory requirements.

The environmental integrity of Washington’s Cap-and-Invest program in a linked system would depend on California enforcing its GHG caps. But if California is unwilling to raise its price floor at least to a level sufficient to fully fund the GGRF, the state probably won’t have the political will to enforce caps at significantly higher price levels. The markets have clearly signalled their lack of confidence in the state’s ability to keep its climate commitments, and Washington would have no reason to put any more trust in the environmental integrity of California’s program if California is unwilling to establish a joint price floor at least sufficient to finance the WCI partners’ climate programs.

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<https://www.rff.org/publications/reports/considerations-for-washingtons-linkage-negotiations-with-california-and-quebec/>

## Amber Hu

As a lifelong Washingtonian, I have been very invested in our government's climate action for many years. I personally wrote most of the Wikipedia articles "Climate change policy of Washington (state)", "Climate Commitment Act", and "Cap-and-Invest (Washington state)". My career has nothing to do with climate directly, but it is the number one government policy issue for me.

I believe this linkage agreement is the best way to make durable progress towards limiting emissions. As we saw with I-2117, if the program is unstable or under threat, it is less likely to get buy-in from compliance entities. By linking our market with two of the biggest regional governments in North America: California and Quebec, we signal to compliance entities that this is a responsibility that they are not alone in, and they join a community of businesses doing their legal duty to limit emissions.

Thank you,  
Amber Hu



April 24, 2026

Attn: Stephanie Potts  
Dept. of Ecology, CPRP Program  
300 Desmond Dr. SE  
Lacey, WA 98503

**RE: Cap-and-Invest Linkage Comments in Response to the Draft Washington-California-Québec Linkage Agreement**

Avista Corporation (d/b/a Avista) appreciates the opportunity to engage with Washington Department of Ecology (Ecology) staff and provide comments on the linkage process and draft agreement (as published March 2026) with California and Québec. In the interest of transparency and to ensure predictable outcomes for regulated entities, Avista believes it is imperative that the associated jurisdictions clearly identify specific areas that must be aligned to facilitate linkage. Moreover, this identification process, which would provide critical transparency to applicable program entities, should be done as part of the linkage agreement and not after linkage has been deemed complete.

The linkage agreement (or 'Draft') as drafted, anticipates a process for harmonization of the programs. However, the language as written, is nondescript, vague and lacking sufficient detail on what aspects of each program are to be harmonized. Furthermore, the Draft also neglects to offer meaningful comments on matters that could materially affect regulated entities and the consumers in each affected jurisdiction. Regulated entities should know what changes are being contemplated and these should be identified publicly before an agreement is formalized. Moreover, affected parties should be provided an opportunity to provide input that should be considered by Ecology as the party representing Washington's interests before an agreement is formalized.

Upon further review, the consultation committee established in Section 12 for the purpose of harmonizing programs, puts decision making authority in the hands of three individuals - one person from each of the three jurisdictions that are parties to the agreement. The linkage agreement should commit to an open process under which the consultation committee will operate, including opportunities for public input and deliberation in open meetings. It is possible that the interests of each jurisdiction are affected differently by the administrative decisions of the consultation committee. In such cases, it is even more important that those decisions are made in an open, transparent process. Such a process would result in better outcomes, allowing stakeholders, including regulated entities, to help inform decision makers of potential challenges, cost impacts, and opportunities for program optimization.

Avista has concerns which would be valuable to address in the agreement. For example, California is anticipating new program rules that would implement alternating two and three-year compliance periods. This is contrary to Washington interests due to our state susceptibility to variations in hydro conditions that effect emissions year over year. Washington implemented four-year compliance periods to mitigate the impact of low hydro years. Agreeing to two-year compliance periods would disadvantage Washington energy consumers, to the cost of millions of dollars. We believe it is imperative that Ecology

advocate for the programs to align on four-year compliance periods as well as establish clear and concise direction on the true-up of allowance allocations for those entities who have annual unpredictable fluctuations in clean energy such as hydroelectric.

Thank you in advance for your time and consideration. We continue to impress upon Ecology, the need for transparency and communication as it relates to these and other critical issues. If you would like to further discuss these comments, our joint comments with Baker Botts or have additional questions, please reach out to Janna Dubnicka ([Janna.Dubnicka@avistacorp.com](mailto:Janna.Dubnicka@avistacorp.com)).

Sincerely,

*Janna Dubnicka*

/s/\_

Janna Dubnicka  
Clean Energy Policy & Implementation Manager  
Avista Corporation  
[Janna.dubnicka@avistacorp.com](mailto:Janna.dubnicka@avistacorp.com)



## Steven Keeler

As a resident of WA state for decades, I do NOT support linking WA state in ANY manner to ANY program associated with CA or Quebec !

This carbon "market", like the WA state climate commitment act will do NOTHING to reduce CO2 emissions - either at the local or state or national level. Ecology seems to think that CO2 emissions are fixed, rather than distributed by low level or mid atmosphere winds.

Further, CO2 levels are increasing and projected to continue to increase in the coming decades. That ecology uses a "model", derived from a CA developed model to estimate and publish WA state CO2 levels only further exposes the level of fraud ongoing by a state agency.

It is difficult to get an agency to understand and reflect truthfully on a topic when employee's salaries depend upon them NOT understand facts or data ( or truth ). This then is the current state of those associated with the CO2 agenda !

Steven Keeler  
Edmonds, WA

May 4, 2026

To the Washington State Department of Ecology:

**RE: Cap-and-Invest: Draft Washington-California-Québec linkage agreement**

PetroCard appreciates the opportunity to provide comments on the proposed linkage of Washington's cap-and-invest program with the California-Québec market.

As a fuel distributor operating in Washington, we are generally supportive of linkage, particularly because of the role it can play in improving market stability. Washington's standalone program has experienced periods of price volatility that create uncertainty for regulated entities. This uncertainty makes it more difficult to plan, manage compliance costs, and provide consistent pricing to customers.

Linkage with a larger, more established market would increase liquidity and help moderate price fluctuations over time. A more stable and predictable allowance market enables businesses like ours to make better operational and investment decisions, while also reducing the risk of sudden cost increases that are ultimately passed through to consumers.

In addition, a linked market can improve overall market efficiency by broadening the pool of participants and compliance options. This can help ensure that emissions reductions are achieved at lower overall cost, while still supporting the state's climate goals.

While we support linkage, we encourage Ecology to monitor market outcomes post-linkage and to report publicly on cost containment, environmental integrity, and equitable outcomes for Washington communities.

Thank you for the opportunity to comment on this important decision.

Sincerely,

*Glenn T. Thomas*

Glenn T. Thomas

Director, Supply & Distribution

PetroCard



Jessica Spiegel

Vice President, Northwest Region

May 5, 2026

Sent via email to: [CCALinkage@ecy.wa.gov](mailto:CCALinkage@ecy.wa.gov)

Stephanie Potts  
Department of Ecology, CPRP Program  
300 Desmond Drive. SE  
Lacey, WA 98503

Re: Linkage of Washington Cap-and-Invest Program – Structural Readiness and Market Design Considerations

Dear Stephanie,

The Western States Petroleum Association (WSPA) appreciates the opportunity to provide comments on Ecology's ongoing work to evaluate potential linkage of Washington's Cap-and-Invest program with the Western Climate Initiative (WCI) programs in California and Québec. WSPA is a non-profit trade association that represents companies that safely explore for, produce, refine, transport and market petroleum, petroleum products, natural gas, and other energy supplies in California, Washington, Oregon, Nevada, and Arizona. WSPA does not have a position on linkage.

WSPA notes the preliminary modeling performed by the University of California, which was provided as Appendix F in the recent linkage criteria report only goes through 2030.<sup>1, 2</sup> The 2030s include both program tightening and significantly reduced direct allocation of allowances to EITs. Combined, these impacts could seriously undermine the competitiveness of industry in Washington. It is important that both policy makers and regulators have access to longer duration modeling results to understand the long-term implications of program design, with or without linkage.

Large industrial facilities and organizations make decisions ahead of project construction or maintenance. Western Washington University notes in its study attached as Appendix E of the rulemaking materials that "*Capital investment for electric utilities, petroleum refineries, and other covered entities may move on a timescale of decades rather than years.*"<sup>3</sup> Ecology itself further notes that "*businesses often need certainty that those projects will be economically viable over decades.*"<sup>4</sup> This underscores the importance that Ecology ensure as long as their product remains in use by the public.

Linkage can enhance a well-functioning program, but it will not resolve structural issues with the Washington program and may exacerbate them. Recent independent economic analysis by NERA indicates that over an expanded time horizon, Washington's allowance prices are weighted by Cap-and-Invest program stringency and the pace of complementary policy implementation.

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<sup>1</sup> <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>

<sup>2</sup> The model funding anticipated optionality; Ecology can model California moving to meet its state goal by 2045, and also model that California adopts the currently proposed 20-day package for the Cap and Invest Program and Mandatory Reporting Regulation Amendments.

<sup>3</sup> <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>  
at pg 175

<sup>4</sup> Ibid, at pg 52

Modeling shows that allowance prices reach program ceiling levels under both linked and unlinked scenarios under the current program, with a longer time horizon to the ceiling levels under the linked program. As a result, while linkage is likely to provide initial cost relief for Washington businesses, NERA modeling indicates that relief may have a limited duration.

Accordingly, linkage should not be viewed as a durable cost-reduction mechanism. Rather, it changes how and when allowance costs are experienced and may expose Washington entities to price dynamics determined outside the state over time, particularly as market conditions evolve.

Linkage also has implications for state competitiveness. Washington fuel suppliers and in-state industries may face compliance costs shaped by external market conditions that do not reflect Washington-specific operational realities, increasing the risk of cost imbalances and emissions leakage.

Finally, differences in price containment structures remain a key consideration. Washington's mechanisms are more limited than those in the WCI market, and linkage without alignment of these mechanisms could expose participants to broader market price dynamics without equivalent safeguards. We therefore recommend that the design characteristics of the Washington market be evaluated to create safeguards for facilities within Washington.

We appreciate the opportunity to provide input and look forward to continued engagement. If you have any questions regarding our comments, please do not hesitate to contact me directly at (360) 918-2178 or via email at [jspiegel@wspa.org](mailto:jspiegel@wspa.org).

Sincerely,



Jessica Spiegel  
Vice President, Northwest Region





U.S. Oil & Refining Co.  
3001 Marshall Avenue  
Tacoma, Washington 98421  
Tel: (253) 383-1651  
Web: www.usor.com

Via email: [Stephanie.Potts@ecy.wa.gov](mailto:Stephanie.Potts@ecy.wa.gov)

May 6, 2026  
Stephanie Potts  
Dept. of Ecology, CPRP Program  
300 Desmond Dr. SE  
Lacey, WA 98503

Re: Linkage of Washington Cap-and-Invest Program – Consideration of EITE Leakage Risks

Dear Ms. Potts,

U.S. Oil and Refining Company (USOR) and Par Pacific appreciates the opportunity to provide comments on Ecology's ongoing work to evaluate potential linkage of Washington's Cap-and-Invest program with the Western Climate Initiative (WCI) programs in California and Québec. Like the Western States Petroleum Association (WSPA), whose comments we fully endorse, USOR does not have a formal position on linkage but is concerned that structural weaknesses in the WA program continue and are not resolved with or without linkage with the other programs. Ensuring the fundamentals of Washington's Cap-and-Invest program are sound should be the priority.

In addition, USOR would like to raise a separate concern with the draft linkage agreement. The current draft does not in any way address potential impacts to EITE entities and the resulting risk of leakage of emissions, displacement of workers or the loss of economic value from the State of Washington. Structural differences in the way the free allowances are allocated in WA compared to specifically the program in CA would place an unfair leakage risk on the most carbon emissions efficient refineries in the State of Washington while at the same time providing a competitive advantage to carbon emissions inefficient refineries in CA. In short, without explicit consideration of the risk of leakage (emissions, jobs, and economic value), linkage of Cap-and-Invest in WA with the other WCI programs will result in leakage pressure from carbon emission efficient refineries in WA toward carbon emission inefficient refineries in CA. At a minimum the draft linkage agreement must recognize this risk and provide safeguards to protect carbon emission efficient refineries in WA from leakage of emissions, jobs, and economic value to CA and elsewhere.

USOR is one of the most efficient carbon emission refineries in the world. A brief history and summary of carbon emissions, jobs, and economic value of USOR are presented in the attachment.

We would be more than happy to meet with you and discuss and answer any questions.

A handwritten signature in blue ink, appearing to read "Andrew Troske".

Andrew Troske  
Refinery Manager

## **Attachment**

### **U.S. Oil and Refining Company (USOR)**

U.S. Oil and Refining Company (USOR) has been a trusted local provider of high-quality clean fuels since the late 1950s. Despite its growth from a family-owned business, USOR remains the smallest refinery in Washington State. Focused on serving the local market, it operates with a simpler configuration than other refineries in the region and is the only producer of 100% recyclable asphalt, effectively sequestering significant amounts of carbon (~2.5 million barrels per year for asphalt produced by USOR contains carbon equivalent to approximately 1,200,000 MT per year of CO<sub>2</sub>e). Additionally, USOR supplies jet fuel to Joint Base Lewis McChord through a dedicated pipeline, playing a vital role in Washington's national defense contributions. USOR has and will continue to provide the fuel that our community demands.

USOR plays a significant role in the local and state economy, supporting approximately 190 full-time employees as well as 40 full-time contractors at the heart of the Tideflats in Tacoma. These jobs are high paying family wage jobs with compensation and benefits at the upper end of the overall pay scale in the Port, City of Tacoma, and Pierce County. In addition, indirect and induced employment amounts to approximately 10 additional jobs in the region for each USOR job per a UWT economic study. Refineries in WA are subject to local and state taxes that are significantly higher (approximately 3 times) than other states such as CA. In 2024, USOR paid over \$3 million in property taxes and over \$1 million in city taxes, in addition to state taxes such as the Hazardous Substance Tax (HST), Business and Occupation (B&O) tax, Oil Spill tax, the Petroleum Products tax, and the usual sales and use taxes totally nearly \$23 million.

USOR's configuration and investments over the years to improve environmental performance and efficiency has resulted in a refinery that has consistently met environmental standards ahead of requirements and emits significantly less direct GHG emissions per barrel of fuel produced, especially when viewed on a regional basis with 86% delivered within the region. Its performance in terms of Metric Tons (MT) of carbon dioxide equivalent (CO<sub>2</sub>e) emitted per barrel of crude oil processed is near best in class globally and one half to one third as compared to the other refineries in Washington. We are proud of this history and, while recognizing the change in demand for fuels, we believe USOR will play an important role in the local and regional energy future for many years to come.

Leveraging available assets and the creativity and innovation of our highly trained workforce (supporting high value manufacturing jobs that are increasingly rare in our county and state), Par Pacific Holdings Inc. (Par) is implementing a renewable fuels project at its refinery located in Kapolei, Hawaii. Like USOR in Tacoma, Par Hawaii's business is to provide the fuel that the local community needs. We intend to meet the evolving needs of our community for decades to come.



*Friends of Toppenish Creek*

May 5, 2026

Attn: Stephanie Potts  
Dept. of Ecology, CPRP Program  
300 Desmond Dr. SE  
Lacey, WA 98503

Subject: Cap-and-Invest Linkage with California and Quebec

Dear WA Ecology,

Friends of Toppenish Creek is a 501 C(3) nonprofit group in Yakima County with a mission to address the adverse impacts of industrial agriculture. Some have accused us of being anti-farming. This is not true. FOTC actively works to promote agricultural methods that protect the environment.

Friends of Toppenish Creek is pleased to share our thoughts regarding potential impacts of linkage with California and Quebec on the people and environment of Yakima County. Specifically we will address the impact of alignment with California's policies for addressing methane emissions from animal agriculture.

**Recent History:** In the 1980's Yakima County experienced an economic downturn. At the same time a number of dairymen from California decided to move north to escape tightening environmental regulations in that state. They sold their land for huge profits and came to Washington dripping money. Our officials welcomed them with open arms and promises of little regulatory oversight.

Today over a third of Washington dairy cows are housed in the Lower Yakima Valley. The number of cows per square mile equals the concentration in California's Central Valley. In Yakima fields of asparagus and potatoes for people have been replaced by fields of corn and alfalfa for cows.

In Yakima County farmers can set up dairies right next to each other. There are no requirements to measure and report air emissions. There are no requirements for synthetic manure lagoon liners. Dairies can pump as much groundwater as they like for free while neighboring farmers pull out orchards due to drought and cutbacks on expensive irrigation water.

There is a nice country home on the hills overlooking the town of Outlook. There is a concrete slab of unused patio next to the house. The slab covers a swimming pool that the owners built for their grandchildren years ago. After their dairy neighbor placed a manure lagoon next to the property the grandchildren no longer wanted to visit. Dairy men have advised people in Yakima, “If you don’t like dairies, then move.”

Of course, not all dairy people are so rude. In any group there are bad actors. There are enough bad actors in Yakima to give dairying a bad name. And there are too many cows in too small an area.

**Yakima and the CCA:** The Climate Commitment Act exempts agriculture from requirements to report greenhouse gas emissions and requirements to participate in cap and invest auctions. If concentrated animal feeding operations (CAFOs) were treated like factories, most would have to participate because they emit over 25,000 tons of CO<sub>2</sub> equivalents per year.

Based on EPA modules for greenhouse gas emissions and data from the National Air Emissions Monitoring Study (NAEMS) we estimate that 100,000 milk cows in the LYV emit over 30,000 metric tons of methane (over 800,000 MTCO<sub>2</sub>e) and over 2,000 metric tons of ammonia and over 4,000 metric tons of volatile organic compounds every year.

Pollutant	Metric Tons/yr	Tons/yr
Methane*	30,651	33,716
Ammonia **	2,062	2,270
Hydrogen Sulfide **	41	45
VOCs**	4,241	4,665
PM 2.5**	131	144
PM 10**	309	340
* Environmental Protection Agency Models for Washington State available at <a href="#">State Inventory and Projection Tool   US EPA</a>		
** Emissions Data from Two Dairy Freestall Barns in Washington – National Air Emissions Monitoring Study available at <a href="#">ASAE Journal   US EPA ARCHIVE DOCUMENT</a>		

Washington State gives the dairy industry special favors.<sup>1</sup> Over 90% of WA dairies do not have National Pollutant Discharge Elimination System (NPDES) permits. WA dairies are

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<sup>1</sup> Friends of Toppenish Creek. WA gives dairy special favors. [Dairy Washington State gives the dairy industry special favors.pdf](#)

required to have Nutrient Management Plans but they are not required to follow them.<sup>2</sup> The WA Dairy Federation has the same status as a state agency when the Lower Yakima Valley Groundwater Management Area Implementation Team meets.<sup>3</sup>

Washington's Environmental Health Disparities Map does not address agricultural impacts. Ecology does not address the impact of industrial dairies on the environment and health in overburdened and underserved communities.<sup>4</sup> Ecology has actually gerrymandered maps of the LYV overburdened community so that many large CAFOs are outside the borders. This means that these CAFOs are not included as sources within the LYV overburdened community.

Despite these deficiencies, Washington dedicates an outsized percentage of CCA monies to support manure methane biodigesters. By funding biodigesters Washington encourages the production of more manure as feedstock, while knowing the significant adverse impacts of too much manure on air and water. Let us explain.

The dairy industry in the United States does not operate on a system of supply and demand. The dairy industry in the United States has overproduced for years<sup>5,6</sup> and has relied on the government to purchase excess dairy products and provide low cost insurance to cover times when costs exceed sales. The U.S. dairy industry survives and thrives on taxpayer subsidies.<sup>7</sup>

Because profit margins are low, individual farmers feel obliged to increase the number of milk cows to stay in business. When the opportunity arrives to make money by harvesting methane from manure using biodigestion, dairies see dollar signs. The more manure they produce, the more money they can make from digester subsidies.

**Alignment with California:** According to FOTC understanding of RCW 70A.65.210(1), alignment leads to mutual use and recognition of compliance instruments issued by

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<sup>2</sup> WSDA (2017) Implementation of Nutrient Management Training for Farmers and Nutrient Management Program Review: Report to the Governor and Legislature. Available at [GetPDF](#)

<sup>3</sup> Yakima County. Lower Yakima Valley Groundwater Management Area Meetings and Summaries. [Meetings & Summaries | Yakima County, WA](#)

<sup>4</sup> WA Ecology. Improving Air Quality in Overburdened Communities Highly Impacted by Air Pollution. [Improving Air Quality in Overburdened Communities Highly Impacted by Air Pollution: 2023 Report](#)

<sup>5</sup> Dairy Herd Management. The Great Rebalancing: Why 2026 Milk Prices are Defying the Supply Tsunami. [The Great Rebalancing: Why 2026 Milk Prices are Defying the Supply Tsunami - Dairy Herd](#)

<sup>6</sup> Financial Content. Dairy Deluge: Soaring Milk Production Threatens Price Collapse as Supply Outpaces Demand. [Dairy Deluge: Soaring Milk Production Threatens Price Collapse as Supply Outpaces Demand | FinancialContent](#)

<sup>7</sup> U.S. dairy subsidies equal 73 percent of producer returns, says new report. [U.S. dairy subsidies equal 73 percent of producer returns, says new report - RealAgriculture](#)

California, Quebec and Washington. This means that our rules and regulations must be similar to California's. We must agree to California offset protocols and carbon intensities.

California has struggled with emissions from animal agriculture for decades. Agricultural air and water pollution in the Central Valley threaten public health as well as environmental sustainability.<sup>8</sup> According to the California Air Resources Board the California dairy and livestock sectors produce more than half of California's methane emissions.<sup>9</sup> While dairy biogas makes up about 1% of the fuel volume supported by California's Low Carbon Fuel program, it is the most lucrative fuel to produce, generating about a 20% of the credits in the program.<sup>9</sup>

By law, California must find a way to regulate emissions from animal agriculture and have a rule in place by 2030. At that time California is required to reduce animal ag emissions by 9 million CO<sub>2</sub> equivalents. The cost may reach \$3.9 billion with the highest percentage of monies spent on biodigesters.<sup>9</sup>

It is unclear how Washington can align with a policy that has not yet been written.

Is the California model what we want for Washington? Do we want to produce more and more manure so we can spend millions or billions on manure methane biodigesters?

There are better options:

- Washington can develop our own rules for manure management and manure methane.
- Regulations and incentives to promote alternative manure management practices are equally effective and less costly.
- Spending public monies on solar and wind energy instead of biomethane results in energy that does not involve combustion and does not produce CO<sub>2</sub>.
- Returning the dairy business to supply and demand restores sanity to the market place.

FOTC recommends a more cautious approach to linking with California and Quebec. Let's keep emissions from agriculture off the table for now so Washington has time to craft rules that are more beneficial for our state.

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<sup>8</sup> Union of Concerned Scientists. Climate Change Threatens Already Poor Air Quality in California's Central Valley. [Climate Change Threatens Already Poor Air Quality in California's Central Valley - Union of Concerned Scientists](#)

<sup>9</sup> Inside Climate News. California Explores First-Time Regulation on Dairy Methane Emissions. [California Explores First-Time Regulation on Dairy Methane Emissions - Inside Climate News](#)

Sincerely,

A handwritten signature in cursive script that reads "Jan Mendoza".

Executive Director, Friends of Toppenish Creek

3142 Signal Peak Road

White Swan, WA 98952

Stephanie Potts  
Department of Ecology, CPRP Program  
300 Desmond Dr. SE  
Lacey, WA 98503

Re: Draft Washington-California-Québec linkage agreement, Publication 26-14-018

Clean Air Task Force (“CATF”) respectfully submits these comments on the Washington State Department of Ecology’s draft Washington-California-Québec linkage agreement.<sup>1</sup>

CATF is a nonprofit organization working globally to safeguard against the worst impacts of climate change by catalyzing the rapid development and deployment of low-carbon energy and other climate-protecting technologies. With more than 30 years of internationally recognized expertise on climate policy and law and a commitment to exploring all potential solutions, CATF is a pragmatic, non-ideological advocacy group with the bold ideas needed to address climate change. CATF has U.S. offices in Boston, Washington, D.C., and internationally in Brussels, Belgium, with staff working remotely around the world.

At CATF, the Land Systems program is working to enhance ecosystem carbon sequestration and storage in ways that do not deter emissions reductions. There is enormous climate mitigation potential in ecosystem-based solutions, including through protecting and enhancing long-term carbon storage in forests through reforestation, avoided conversion, and improved management.

CATF supports the State of Washington’s Cap-and-Invest Program as an important regulatory tool for reducing carbon emissions and looks forward to more details of linking the associated allowance and offset markets with the already linked California-Québec market. These comments highlight a specific point of complexity embedded in the linkage agreement, which is the inconsistency in protocols for forest carbon offsets across the three markets. CATF has commended<sup>2</sup> the Department of Ecology on its proposed revisions to its forest carbon offset protocol via comments on the Chapter 173-446 WAC – Cap-and-Invest Offsets (U.S. Forest Protocol)<sup>3</sup> rulemaking process. Washington’s strengthened draft forest carbon offset protocol rule would raise the bar for offset quality. Lower quality forest carbon offsets that could be generated from weaker protocols in the linked markets risk adversely impacting Washington’s ability to achieve the emissions reduction limits established in RCW 70A.45.020,<sup>4</sup> by allowing offsets based on protocols that our research shows are weaker than the Washington protocol and do not reliably guarantee that one tonne of carbon dioxide reduced or removed. Allowing offsets

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<sup>1</sup> Washington State Department of Ecology. (2026, March). *Draft Washington-California-Québec linkage agreement* (Publication 26-14-018). <https://apps.ecology.wa.gov/publications/summarypages/2614018.html>

<sup>2</sup> Clean Air Task Force. (March 2026) Comment on Chapter 173-446 WAC: Cap-and-Invest US Forest Offsets Protocol [https://scs-public.s3-us-gov-west-1.amazonaws.com/env\\_production/oid100/did200118/pid\\_212727/assets/merged/iz0rik56nr9\\_document.pdf?v=17999](https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_212727/assets/merged/iz0rik56nr9_document.pdf?v=17999); Clean Air Task Force. (2025, August 19). *Washington released a draft forest offset rule, and there’s a lot to like*. <https://www.catf.us/2025/08/washington-released-a-draft-forest-offset-rule-and-theres-a-lot-to-like/>

<sup>3</sup> Washington State Department of Ecology. (n.d.). *Chapter 173-446 WAC – Cap-and-invest offsets (U.S. forest protocol)*. <https://ecology.wa.gov/regulations-permits/laws-rules-rulemaking/rulemaking/wac-173-446-offsets-us-forest-protocol>

<sup>4</sup> Revised Code of Washington § 70A.45.020. (n.d.). *Greenhouse gas emissions reductions—Reporting requirements*. <https://app.leg.wa.gov/rcw/default.aspx?cite=70A.45.020>

issued under weaker protocols to be claimed against emissions reductions obligations would jeopardize the requirement that the linkage agreement will not “adversely impact Washington's ability to achieve the emission reduction limits established in RCW 70A.45.020” as required by RCW 70A.65.210 *Linkage with other jurisdictions*. Therefore, **in implementing the linkage agreement, the Department of Ecology should require that forest carbon offsets purchased by Washington facilities meet the standards set by Washington's forest offset protocol. This will prevent the use of lower quality offsets and thus avoid undermining the goals of the Cap-and-Invest Program.**

CATF led a 2025 study<sup>5</sup> published in Earth’s Future by a team of leading forest science experts that provides an extensive review of forest carbon credit protocols in North American voluntary and compliance carbon markets. The study provides a detailed scorecard for existing protocols as well as recommendations for strengthening protocols across the board to ensure reliably high-quality credits. Both the current California Offset Program US Forests Protocol (2015)<sup>6</sup> and the Québec Regulation respecting afforestation and reforestation projects eligible for the issuance of offset credits on privately-owned land<sup>7</sup> were included. Please see [www.forestcarbonprotocols.org](http://www.forestcarbonprotocols.org) for details.

The proposed linkage agreement states that “any offset protocols in each of their respective programs should require that all offset emission reductions and removals of atmospheric CO<sub>2</sub> that may lead to the issuance of offset credits achieve the essential qualities of being real, additional, quantifiable, permanent, verifiable, and enforceable.”<sup>8</sup> However, our research demonstrates that the current or proposed protocols for forest carbon offset credits in the three markets vary greatly in the robustness of their approach to these criteria, specifically the criteria of additional, quantifiable, and permanent. Specifically, the revisions to the Washington forest carbon offset protocol are significant improvements and make that protocol more robust than the California and Quebec forest offset protocols, and therefore more likely to reliably generate high quality credits. Including less robust protocols in the linked markets risks allowing lower quality offset credits, to be used by covered entities. Less stringent protocols could therefore fail to deliver on the promised climate benefits of offsets and affect the emissions reductions achieved in Washington and the overall program.

Here we discuss 1) general background and status of the forest carbon offset protocols, 2) project types covered by each system’s protocol and differences according to the linkage criteria of 3) additional, 4) quantifiable, and 5) permanent. The differences documented herein are summarized in Table 1 and followed by detailed descriptions. This assessment of key differences among forest carbon offset protocols in the three markets proposed for linkage is not exhaustive,

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<sup>5</sup> Sanders-DeMott, R., Hutyra, L. R., Hurteau, M. D., et al. (2025). *Ground-truth: Can forest carbon protocols ensure high-quality credits?* Earth’s Future, 13(5). <https://doi.org/10.1029/2024EF005414>

<sup>6</sup> California Air Resources Board. (2015, June 25). *U.S. forest projects: Compliance offset protocol (2015 forest protocol)*. <https://ww2.arb.ca.gov/our-work/programs/compliance-offset-program/compliance-offset-protocols/us-forest-projects/2015>

<sup>7</sup> Government of Québec. (n.d.). *Carbon sequestration through afforestation or reforestation on private lands*. <https://www.environnement.gouv.qc.ca/changements/carbone/credits-compensatoires/sequestration-carbone-boisement-reboisement-terres-prive-cn.htm>

<sup>8</sup> See Section 5. State of Washington Department of Ecology. (2026, March). Agreement on the Harmonization Of Market-Based Programs for Reducing Greenhouse Gas Emissions Between the Gouvernement du Québec, the State of California, and the State of Washington (Publication 26-14-018). <https://apps.ecology.wa.gov/publications/summarypages/2614018.html>

as there are additional differences both among the linkage criteria addressed here and the additional linkage criteria (real, verifiable, enforceable) that we do not cover in this comment. However, the differences we document in protocol structure, applicability, and approaches to additionality, quantification, and permanence are very likely to lead to material differences in offset quality and make offsets non-equivalent across systems.

**Table 1. Selected distinctions among forest offset protocols in relevant carbon markets.**  
 Approaches in bold font under the selected linkage agreement criteria were determined to be the most robust approaches according to our analysis and recommendations.

	CALIFORNIA	QUÉBEC	WASHINGTON
PROGRAM BACKGROUND AND PROTOCOL STATUS			
<b>FOREST CARBON OFFSET CREDITS ISSUED TO DATE</b>	~230 million	0	~0.5 million
<b>GEOGRAPHIC CONSTRAINTS</b>	Limited to United States	Limited to Québec	Limited to locations where direct environmental benefits to Washington can be claimed
<b>PROTOCOL STATUS</b>	Required update by 2029	No planned update, to our knowledge	Currently under revision, public draft available
<b>PROJECT TYPES COVERED</b>	Improved forest management, Avoided conversion*, Reforestation	Reforestation/Afforestation	Improved forest management, Avoided conversion*, Reforestation
SELECTED LINKAGE AGREEMENT CRITERIA FOR ALL OFFSETS			
<b>ADDITIONAL</b>	<u>Improved forest management:</u> <ul style="list-style-type: none"> <li>• Baseline fixed over time</li> <li>• No limit to claiming credits above common practice baseline</li> </ul> <u>Reforestation:</u> Relies on site eligibility conditions and the lack of legal requirements	<u>Reforestation:</u> Relies on site eligibility conditions and the lack of legal requirements	<u>Improved forest management:</u> <ul style="list-style-type: none"> <li>• <b>Baseline updated every 10 years based on new data</b></li> <li>• <b>Limits how far above the common practice baseline projects can claim credits</b></li> </ul> <u>Reforestation:</u> Relies on site eligibility conditions and the lack of legal requirements
<b>QUANTIFIABLE</b>	<u>Improved forest management:</u> Default leakage deduction of 20% applied to harvest reduction  <u>Reforestation:</u> <b>Default leakage deduction applied to difference between project and baseline carbon stocks based on prior land use type</b>	<u>Reforestation:</u> Monitoring deforestation rates in the project municipality required at each issuance, with associate carbon stock change integrated in project modeling	<u>Improved forest management:</u> <b>Default leakage deduction of 40% applied to harvest reduction</b>  <u>Reforestation:</u> <b>Default leakage deduction applied to difference between project and baseline carbon stocks based on prior land use type</b>
<b>PERMANENT</b>	<b>All types of projects monitored for 100 years</b>  Risk assessment for fire and insects/disease fixed for all eligible geographic locations	Projects are certified for credits proportional to climate value of the amount of carbon stored for the length of time it has already been stored, under this approach that reversal risk accounting and monitoring is not required	<b>All types of projects monitored for 100 years</b>  <b>Risk assessment for fire and insects/disease based on a spatially specific dataset for the project location</b>

\* The California and Washington protocols are largely similar in technical approaches to avoided conversion projects, so while there may be administrative differences, we do not report distinctions for avoided conversion protocols in this comment.

## I. Background on Forest Carbon Offsets across the Systems Proposed for Linkage

The California Cap-and-Invest Program was introduced in 2012 and the first forest carbon offsets were issued in 2013.<sup>9</sup> Since that time, the Compliance Offset Program within the broader Cap-and-Invest Program has become the largest market for forest carbon offsets credits originating in the United States.<sup>10</sup> Forest carbon offsets represent roughly 80% of all offsets issued through the program, with nearly 230 million forest carbon offsets issued as of April 2026.<sup>11</sup> The Québec Cap-and-Trade system was established in 2013 and linked to the California system one year later. While the Québec forest carbon offset protocol was adopted in 2022, there have not been any forest carbon offsets issued as of March 2026.<sup>12</sup> The more recent launch of the Washington Cap-and-Invest Program in 2023 has thus far resulted in the issuance of nearly 0.5 million forest carbon offset credits as of April 2026.

The three programs have distinct eligibility requirements, including geographic constraints. While the California Offset program allows for projects to be implemented anywhere in the United States, the Québec program restricts project implementation to Québec, and the requirement of the Washington program that all projects to have direct environmental benefits to the state limits geographical scope. It is important to note that based on these geographical requirements, forest carbon offset project developers in Washington state have the option to certify projects through both the California and Washington protocols.

Forest carbon offset protocols are also at different stages of revision in the three systems. The current version of the California forest carbon offset protocol was adopted in 2015, but in September 2025, California SB 840 was enacted and directs that all existing compliance offset protocols be updated by 2029 to reflect the best available science. While the revision of the California protocol has not yet begun, the revised version will be relevant to the linked market. At the same time, the Washington Department of Ecology is still finalizing its forest carbon offset protocol revision. CATF is not aware of any planned revision to the Québec protocol at this time.

## II. Project Types Covered across the Systems Proposed for Linkage

There is a substantive distinction for forest offset credits across the systems that relates to the type of projects allowed, which can include:

- reforestation/afforestation,
- avoided conversion, and
- improved forest management.

The Québec protocol covers only reforestation/afforestation projects, which focus on planting new forests on land that has been deforested in the past or on land that was never forested. While

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<sup>9</sup> California Air Resources Board. (n.d.). *Compliance offset program*. <https://ww2.arb.ca.gov/our-work/programs/compliance-offset-program>

<sup>10</sup> Haya, B. K., Quartson, P., Bernard, T., Abayo, A., Rong, X., So, I. S., & Elias, M. (2026). *Voluntary registry offsets database (v2026-02)*. Berkeley Carbon Trading Project, University of California, Berkeley. <https://gspp.berkeley.edu/berkeley-carbon-trading-project/offsets-database>

<sup>11</sup> California Air Resources Board. (n.d.). *ARB offset credit issuance table*. <https://ww2.arb.ca.gov/resources/documents/arb-offset-credit-issuance-table>

<sup>12</sup> Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs. (n.d.). *Register of offset credit projects*. [https://www.environnement.gouv.qc.ca/changements/climats/carbone/credits-compensatoires/registre\\_creditscompensatoires-en.htm](https://www.environnement.gouv.qc.ca/changements/climats/carbone/credits-compensatoires/registre_creditscompensatoires-en.htm)

the California and Washington protocols similarly include reforestation projects, they also allow for avoided conversion and improved forest management projects. Avoided conversion projects involve protecting forests that are at risk of being converted to another land use, such as deforestation for residential development. Improved forest management projects cover the adoption of a wide range of management activities in actively managed forests that boost carbon stocks, such as reduced logging or extended rotational age.

While all three types of projects can be beneficial, they have fundamentally different mechanisms of impacting climate. Reforestation/afforestation is widely considered to be a form of carbon dioxide removal<sup>13</sup> that draws additional carbon down from the atmosphere and locks it away in trees for decades to centuries. On the other hand, avoided conversion projects function by preventing a possible emission of forest carbon in the future if the area is ever deforested. The climate benefit of improved forest management varies by the specific practices adopted but may include both the preservation of existing carbon in the forest, for example when logging is reduced, and the addition of new carbon storage capacity if the management change involves more trees growing on the landscape. Therefore, improved forest management projects can be considered reduced emissions or carbon removal. While the Washington Cap-and-Invest system does not, at present, differentiate offset credits according to whether they represent carbon dioxide removal (CDR) or avoided/reduced emissions, this may become more important over time because these types of credits have different impacts on the climate. CDR draws carbon dioxide out of the atmosphere whereas an emissions reduction lowers the amount that enters the atmosphere. CDR is likely to become increasingly important for counterbalancing residual emissions from hard-to-abate sectors. To that end, the recent Carbon Dioxide Removal Evaluation Study calls on the Washington legislature to “direct appropriate agencies to adopt clear criteria defining how CDR methodologies can effectively contribute to the Washington’s commitment to net zero emissions by 2050, pursuant to RCW 70A.45.020.”

The different mechanisms of the three project types require very different approaches to some of the key criteria identified in the linkage agreement, in particular demonstrating that offsets are additional and quantifiable. All offset credits issued to date under Washington’s system and over 90% of those issued under California’s system are from improved forest management projects.<sup>14</sup> The California and Washington protocols are largely similar in technical approaches to avoided conversion projects. Therefore, while there are likely relevant administrative differences across the Washington and California systems for these project types, we do not report distinctions for avoided conversion projects in this comment.

### **III. Linkage Agreement Criteria for all Offsets: Additional**

The criterion that offsets be additional involves demonstrating that the carbon stored would have ended up in the atmosphere without the implementation of the forest carbon project.

Additionality demonstration requires very different approaches based on project type. Although based on the same underlying protocol structure, there are important emerging differences in how additionality requirements are operationalized for improved forest management projects

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<sup>13</sup> Intergovernmental Panel on Climate Change. (2022). *Carbon dioxide removal: Factsheet (AR6 Working Group III)*. [https://www.ipcc.ch/report/ar6/wg3/downloads/outreach/IPCC\\_AR6\\_WGIII\\_Factsheet\\_CDR.pdf](https://www.ipcc.ch/report/ar6/wg3/downloads/outreach/IPCC_AR6_WGIII_Factsheet_CDR.pdf)

<sup>14</sup> Haya, B. K., Quartson, P., Bernard, T., Abayo, A., Rong, X., So, I. S., & Elias, M. (2026). *Voluntary registry offsets database (v2026-02)*. Berkeley Carbon Trading Project, University of California, Berkeley. <https://gspp.berkeley.edu/berkeley-carbon-trading-project/offsets-database>

between the California and Washington offset protocols. The current California protocol entails demonstrating additionality relative to a baseline set once at the beginning of the project and fixed over the project lifetime in the absence of errors or reversals, an approach that scored weak in our assessment. In contrast, the draft rule for the revised Washington protocol will require re-estimation of the baseline every ten years based on an evolving dataset, which aligns more strongly with our report's recommendations for ensuring high-quality offsets as it is more likely to capture important changes impacting project additionality over time and to avoid over-crediting. In addition, while both systems rely on a baseline set systematically by the protocol as the average carbon stock in a relevant eco-geographical region, the California protocol allows projects to claim the full amount of project carbon stocks above that prescribed baseline value as carbon offset credits. This approach has been shown to lead to most projects sited in areas where initial standing carbon stocks are relatively high and risks crediting non-additional carbon.<sup>15</sup> The draft revision to the Washington protocol, however, limits the carbon credits that can be claimed from sites with unusually high carbon stocks at project initiation to better ensure that credits awarded are additional. This is an improvement over the approach required in the California protocol and is more likely to avoid over-crediting projects and generating lower-quality offset credits.

The additionality requirements for reforestation/afforestation projects are more straightforward and consistent across the three programs. All rely on strict eligibility requirements related to how long the land has been deforested prior to project implementation, a requirement that the activity not be legally required, and a modeled estimate of what carbon would have been stored over the project lifetime without the intervention. While there are differences in the operationalization of these requirements between the Québec protocol and the similarly structured California and Washington protocols, it is not immediately clear that they would have a demonstrable impact of credit quantification directly.

#### **IV. Linkage Agreement Criteria for all Offsets: Quantifiable**

A critical element of quantification for forest carbon offsets is estimating and accounting for any indirect emissions caused by the project implementation, a concept known as leakage. For forest carbon projects this entails assessing whether and to what extent the carbon project impacts land use activities and markets outside of the project boundary in ways that increase emissions elsewhere.

Like additionality, the treatment of leakage in protocols also depends on the project type considered. For improved forest management projects, both the California and Washington protocols use a default value to deduct credits based on any decrease in timber production due to activities adopted for the project, such as harvest reduction or extended rotational age. This is intended to account for the gap in supply created by the project implementation, which is expected to result in an increase in timber harvest and associated emissions elsewhere to meet unchanged market demand. The use of such a default value for all projects scored weak in our report. However, while in California the default value is set at 20%, there is a higher value of 40% in the proposed Washington protocol revision that is more likely to cover leakage emissions. This difference would lead to a difference in the number of credits issued from the

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<sup>15</sup> Badgley, G., Freeman, J., Hamman, J. J., Haya, B., Trugman, A. T., Anderegg, W. R. L., & Cullenward, D. (2022). *Systematic over-crediting in California's forest carbon offsets program*. *Global Change Biology*, 28(4), 1433–1445. <https://doi.org/10.1111/gcb.15943>

same project since under the Washington protocol 40% of credits associated with timber harvest reduction would be deducted from the total while in California only 20% would need to be deducted. Therefore, the Washington protocol is more robust in ensuring that leakage emissions are accounted for, limiting over-crediting, and creating lower-quality offset credits. Québec does not allow for improved forest management projects.

For reforestation and afforestation projects, the California and Washington protocols use the same approach and quantify leakage deductions according to a decision framework related to the type of land use that is being replaced by the project. For example, whether the land was previously being used for livestock grazing or commodity crop production results in different leakage deduction values to account for emissions associated with market demand for those displaced activities. Deduction values range from 0% to 70% depending on the prior land use. This approach scored satisfactory in our assessment. The Québec protocol takes an alternate approach and requires data to be assessed on the rate of deforestation of privately held land in the municipality where the project is implemented during each reporting period for the project. If deforestation is detected, this forest cover loss must be incorporated into the model to determine the project outcome. This approach scored weak in our assessment, due in part to the limited geographical scope of the monitoring. The default fixed value approach used by the California and Washington protocols are likely to capture a different and more consistent rate of leakage deduction than the observed and then modeled approach in Québec, which also could lead to discrepancies in the number of credits issued to the same project.

## **V. Linkage Agreement Criteria for all Offsets: Permanent**

The criterion that all protocols ensure offsets are permanent requires long-term protection and monitoring of stored carbon. For forest carbon projects, this means accounting for the vulnerability of carbon re-release to the atmosphere, for example by disturbances like fire or insect outbreaks.

In California, permanence for reversible removals has been codified as “at least 100 years.”<sup>16</sup> Both the California and Washington forest carbon offset protocols require monitoring of forest carbon for 100 years for every credit issued, which our report scored as very robust. This monitoring is designed to ensure that stored carbon which has been certified into an offset credit remains in the forest, and to document and account for any carbon that has been lost to unforeseen events such as wildfires, mortality from insect or disease outbreaks, extensive storm damage, drought, and illegal logging or deforestation. Both protocols are structured so if carbon loss is observed, it can be quantified and compensated via a pooled buffer account of extra credits populated by all the projects in the system and set aside from market trade for this purpose. However, the approach to estimating and accounting for the risk to any given project and determining an appropriate buffer pool contribution varies. The California system uses a standard risk rate for wildfire anywhere in the United States, while the proposed protocol in Washington plans to use a spatially specific risk map that will be updated over time to guide risk assessment and buffer pool contribution based on specific project location. While the former

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<sup>16</sup> California Code of Regulations, Title 17, § 95802. (n.d.).

<https://govt.westlaw.com/calregs/Document/17A7F2C5E6B9B11E4B8C9D8E7A6C5B4A1> (defining permanent as “either that GHG reductions and GHG removal enhancements are not reversible, or when GHG reductions and GHG removal enhancements may be reversible, that mechanisms are in place to replace any reversed GHG emission reductions and GHG removal enhancements to ensure that all credited reductions endure for at least 100 years”).

approach scored very weak, the latter embraces a key recommendation for protocol improvement that we call for in our report.

The Québec system takes a fundamentally different approach to the requirement for permanent credits. Rather than requiring 100 years of monitoring, the system uses innovative accounting based on the atmospheric warming impact of one tonne of carbon stored for one year relative to that of the same tonne of carbon stored for 100 years, and only issues a proportional amount of credit for each tonne of carbon based on the time the carbon has already been stored. With this approach, the Québec system does not require long-term monitoring since the small fraction of credits issued relative to tonnes of carbon stored have theoretically already achieved their climate impact at time of credit issuance. This approach, known as tonne-year accounting, has mixed evidence of efficacy in scientific literature.<sup>17</sup> It relies on modeled conversion factors that relate the impact of one tonne of carbon stored for one year to warming avoided from the same tonne over 100 years, but the models underlying those factors are uncertain. While the team of experts that contributed to our report had varying views on the promise of this approach, it scored very weak due to open scientific questions involved in the accounting.

## **VI. Final Recommendation**

Given the differences documented here across protocols that are likely to impact offset credit quality, **we recommend that in implementing this agreement the Department of Ecology maintain the high standards for forest carbon offsets that it is establishing by requiring that forest carbon offsets purchased by facilities to meet compliance obligations in Washington meet the standards set by Washington's forest offset protocol.**

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<sup>17</sup> Galik, C. S., Baker, J. S., Daigneault, A., & Latta, G. (2022). *Crediting temporary forest carbon: Retrospective and empirical perspectives on accounting options*. *Frontiers in Forests and Global Change*, 5, 933020. <https://doi.org/10.3389/ffgc.2022.933020>



**Re: Front and Centered's Comments on Ecology's Draft Agreement to Link Washington's Carbon Market with California and Québec and Related Draft Assessments**

Stephanie Potts  
Dept. of Ecology, CPRP Program  
300 Desmond Dr. SE  
Lacey, WA 98503

May 6, 2026

Dear Ms. Potts:

Thank you for the opportunity to provide comments on the draft agreement to link Washington's cap-and-invest program under the Climate Commitment Act (CCA) with the California-Québec carbon market, as well as the associated Cap-and-Invest Linkage Criteria: Draft Findings, and draft Environmental Justice Assessment.

Front and Centered is a climate justice coalition led by and serving communities of color across Washington. We advocate for frontline communities that are first and worst impacted by environmental harms and the climate crisis. We have consistently raised concerns about linkage, and that position has not changed. The CCA allows covered entities to comply through the purchase of allowances rather than requiring emissions reductions at the source. Expanding this system through linkage increases the likelihood that emissions reductions occur elsewhere while pollution—including harmful co-pollutants—continues in frontline<sup>1</sup> communities.

In prior comments, we noted that linkage would reduce incentives to cut emissions, allow pollution hotspots to persist, and reduce funding available for frontline communities. The materials released to date do not resolve these concerns. The agreement focuses on market coordination and the supporting documents do not demonstrate how statutory requirements—including the reduction of environmental health disparities and the delivery of meaningful benefits to frontline communities—will be met in practice. Instead, these critical issues are deferred to implementation.

While our previous position remains, the release of the draft agreement, Cap-and-Invest Linkage Criteria: Draft Findings, and draft Environmental Justice Assessment requires engagement to ensure that, if linkage proceeds, it does not further harm frontline communities. For these reasons, we offer the following comments to clarify what must be addressed if linkage is pursued.

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<sup>1</sup> At Front and Centered, we favor "frontline communities" as a descriptor for communities of color, Indigenous peoples, and people with lower incomes who are hit first and worst by environmental damage and climate change. However, terms like Overburdened Communities and Vulnerable Populations are used in the law and therefore affect how policies impact our communities.

## **1. The current analysis does not show how statutory obligations will be met**

The draft agreement focuses on market coordination, but does not address how linkage will impact communities. The Criteria Findings and Environmental Justice Assessment do not clearly show how Ecology will meet its obligations under the CCA and the HEAL Act, particularly with respect to reducing environmental health disparities.

Key questions remain unanswered:

- What are the localized and distributional impacts of linkage?
- How will linkage affect localized pollution and existing hotspots?
- How will Ecology ensure that frontline communities do not experience increased harm?
- How will benefits be measured and verified, not just assumed?

Without clear, evidence-based answers, Ecology has not provided a sufficient basis for moving forward with linkage.

## **2. The draft Environmental Justice Assessment is not sufficient**

Under the HEAL Act, Ecology must evaluate how agency actions impact Overburdened Communities and Vulnerable Populations. For a decision of this scale, that analysis must be rigorous, transparent, and directly inform the outcome.

The current Environmental Justice Assessment does not adequately:

- Analyze localized air quality impacts or co-pollutants
- Address how costs and benefits will be distributed across communities
- Show how its findings are informing the Criteria Findings or decision-making

An Environmental Justice Assessment should function as a tool to prevent harm. As written, it does not yet meet that purpose.

## **3. Linkage risks worsening pollution hotspots**

A market-based system allows facilities to continue emitting by purchasing allowances. Linkage expands that system and increases the likelihood that emissions reductions occur outside Washington while pollution remains concentrated locally. Evidence from California's program shows that pollution burdens have remained concentrated in frontline communities, and in some cases worsened, even as the market operates.<sup>2</sup> Linkage risks replicating these outcomes in Washington.

Statewide emissions reductions are not sufficient if frontline communities continue to experience high levels of pollution.

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<sup>2</sup> Jonah Valdez, *Is California's Cap-and-Trade Program Hurting the Environment More Than Helping It?*, Los Angeles Times (March 22, 2022), <https://www.latimes.com/california/story/2022-03-22/what-has-california-cap-and-trade-accomplished>.

Ecology should:

- Reevaluate establishing facility-level or site-specific limits where needed with priority given to reducing environmental health disparities
- Implement robust monitoring and reduction requirements for criteria air pollutants in frontline communities
- Define and operationalize a clear process to identify, track, and mitigate pollution hotspots

#### **4. Linkage may reduce funding for overburdened communities**

As previously raised, linkage is expected to put downward pressure on allowance prices. While this may reduce costs for emitters, it also reduces revenue generated through the program. This directly affects funding for investments required under the CCA, including the statutory requirement that at least 35% of funds provide direct and meaningful benefits to Overburdened Communities.<sup>3</sup>

Reduced revenue means fewer resources for the very communities the program is intended to support.

#### **5. “Direct and meaningful benefits” must be clearly defined and enforced**

The CCA requires that investments provide direct and meaningful benefits to Overburdened Communities. This requirement must be measurable and enforceable.

Ecology must:

- Establish a clear, enforceable definition of “direct and meaningful benefits”
- Require agencies to document how projects meet this standard
- Ensure consistency across agencies so that benefits are verifiable, not self-determined

Without clear standards, there is no meaningful accountability.

#### **6. Transparency and community oversight are essential**

A linked market increases complexity and makes it harder to track where emissions reductions occur. Transparency is critical to maintaining accountability.

Ecology must:

- Require public, facility-level reporting of emissions, allowance use, and allowance origin
- Track the geographic distribution of emissions reductions
- Provide accessible, regular reporting to the public and the Environmental Justice Council

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<sup>3</sup> RCW 70A.65.230

Without transparent, disaggregated data, neither the public nor the Environmental Justice Council can meaningfully assess compliance. Community oversight is essential to accountability and cannot be treated as procedural.

## **7. Maintain Washington's environmental justice standards in a linked market**

Washington's environmental justice requirements are stronger than those of other jurisdictions. Linkage must not be used to dilute these standards.

Ecology must:

- Affirm that Washington statutory requirements continue to apply in full under linkage
- Prevent any mechanisms that would allow weaker out-of-state allowances to undermine Washington's program integrity
- Clearly articulate how Washington will uphold its HEAL Act obligations within a multi-jurisdictional system

Compliance with a linked market does not supersede compliance with Washington law.

## **8. Linkage is being evaluated before key air quality protections are finalized**

Ecology is currently developing rulemaking to address Air Quality in Overburdened Communities (173-448 WAC), including requirements intended to reduce localized pollution and address hotspots. However, linkage is being evaluated before those protections are finalized. Without a completed rule, it is not possible to fully assess how linkage will impact local air quality or whether sufficient safeguards will be in place.

Ecology should finalize and implement this rulemaking before proceeding with linkage to ensure that any expansion of the market does not outpace or undermine core environmental justice protections.

Linkage does not resolve the underlying concerns with the cap-and-trade system and risks exacerbating them. The draft agreement and supporting materials do not yet show how Ecology will meet its obligations to frontline communities. As written, they establish a market framework without ensuring that environmental justice requirements will be achieved.

Our position remains that linkage is not appropriate. However, if the State continues to pursue it, it must address the gaps identified above to avoid further harm to frontline communities and to meet the requirements of Washington law.

Respectfully,



Christina Estela Brown  
Environmental Justice & Climate Policy Integration Lead

## Tradewater (Sarah Fluharty)

Tradewater is pleased to provide feedback about the draft Washington-California-Québec linkage agreement. In the event of market linkage between Washington-California-Québec, Tradewater encourages the adoption of the Department of Ecology Compliance Offset Protocol Ozone Depleting Substances Projects Version 1.0 as it is the most recently updated ODS destruction protocol across these three existing compliance markets. Tradewater also encourages all stakeholders to transition both protocol and regulatory measurements to be quantified under the AR6 GWPs since they reflect the most recent science on the potential environmental harm from the release of ODS and HFCs.

## IETA Submission to Ecology: Washington-California-Québec Draft Linkage Agreement

Submitted via ECY's [Public Comment Form](#)  
6 May 2026

The [International Emissions Trading Association](#) (IETA) welcomes this opportunity to provide guidance as requested by Washington's Department of Ecology (ECY) on the draft linkage agreement (henceforth referred to as the "Agreement") between California, Québec, and Washington State. IETA has long supported linkage and fungibility across compliance carbon markets. Linkage plays a central role in C&I programs by showcasing climate leadership, minimizing compliance costs, improving market functionality, and enhancing mitigation potential. **As such, IETA strongly supports Washington to establish formal program linkage with California and Québec, and we applaud the direction set by the Agreement.**

IETA's comments are structured around four sections:

1. **High-Level Linkage Comments:** Comments on the direction and timeline to achieve linkage.
2. **Program/Linkage Flexibility:** Comments on the potential for amendments to the Program Rule and Linkage Agreement
3. **Specific Comments on Fungibility:** This section re-emphasizes the need for fungibility to support market integration.
4. **Additional Considerations Outside of ECY's Rule Language:** Additional comments on amendments not raised in the Agreement.

### **Section 1: High-Level Linkage Comments**

IETA acknowledges that several steps must be completed in California, Québec, and Washington for linkage to occur. We appreciate ECY's initiative in providing quarterly linkage updates and were happy to note that as of the [last quarterly update](#) (March 2026), Washington had initiated all internal steps necessary to achieve linkage. We were pleased to see that the recently published [Cap-and-Invest Linkage Criteria: Draft Findings](#) concluded that linkage would achieve the CCA's linkage purposes and criteria. We encourage ECY to maintain regular communication with regulators in California and Québec as they complete the steps necessary in their jurisdictions.

Overall, IETA strongly supports the Agreement, and we encourage regulators in all three jurisdictions to finalize the text at the earliest. A finalized linkage agreement could help keep all jurisdictions on track to complete the required linkage process steps.

## **Section 2: Program/Linkage Flexibility**

During the formal linkage process, it is important for Washington to be able to adjust the C&I program to best align with California and Québec programs. In the context of ongoing program reviews in both California and Québec, ECY needs to have the flexibility to amend the program on an “as needed basis” when warranted through a public process that provides the market with sufficient notice to plan accordingly.

Program changes must be transparent, well defined and broadly communicated well in advance of implementation to avoid perverse market impacts. Any necessary program changes to facilitate linkage must be clearly communicated with adequate opportunities for stakeholder review and feedback to ensure entities can best adjust and manage compliance or market positions under the amended program.

The Agreement may also need to be changed in response to market conditions or updated legislation after linkage has occurred. IETA is pleased to see that the Agreement contains a section on amendments and encourages ECY to add a provision requiring the public to be notified of amendments before they take effect. Amendments to the Agreement should not distort the market and undermine the strong rationale for linkage.

## **Section 3: Specific Comments on Fungibility**

IETA encourages Ecology to ensure full fungibility of allowances across the linked jurisdictions of Washington, California, and Québec. We are pleased with the direction set by Sections 6 and 7 of the Agreement. Full fungibility means unrestricted, equal-value interchangeability and acceptance of allowances for compliance purposes, without usage limits, discounting, or other constraints based on jurisdiction of origin.

Full fungibility is essential to achieving an efficient, well-functioning market. It would support maximum liquidity, enable effective price convergence across jurisdictions, and reduce overall costs for Washington consumers and businesses. Partial or conditional fungibility would undermine these benefits by fragmenting the market and limiting efficient trading across jurisdictions. For fungibility, it is important to maintain shared infrastructure that facilitates the interoperability of the programs, as established in Section 9.

#### **Section 4: Additional Considerations Outside of the Draft Linkage Agreement**

**Additional Offset Considerations:** While IETA continues to favor the offset approach employed in California and Québec — as it enables a wider range of abatement opportunities, thereby driving down compliance costs — we recognize Washington’s need to design its C&I Program to meet the state’s statutory and policy objectives. We remain confident that differences in offset design do not necessarily preclude linkage.

That said, Washington’s offset provisions add complexity and further narrow eligibility in ways that could reduce the cost-containment and liquidity benefits linkage is intended to deliver. The state’s Climate Commitment Act imposes tight constraints on offset use — including in-state generation requirements, Direct Environmental Benefit sub-limits, and restrictions on offsets from linked jurisdictions. IETA believes that the following requirements are especially concerning:

- Requiring **additional tribal offsets above the general offset limit** to provide DEBs to Washington.
- Maintaining a rule that **offsets from linked jurisdictions must be located within that jurisdiction**.
- Requiring **Washington-based projects to be issued under Washington’s own protocols**, rendering Washington-located projects developed under approved California protocols (and issued as CCOs) as ineligible for a DEBs designation in Washington.
- Issuing forestry offset credits on an assumed slope line over the course of a 10-year crediting period.

We understand that several of these restrictions — particularly jurisdictional generation requirements for linked offsets and the requirement that Washington projects use Washington protocols — are set in statute and cannot be modified through this rulemaking. Nonetheless, these constraints limit the pool of offsets eligible for compliance in Washington, even after linkage, which in turn reduces liquidity and increases compliance costs.

While it is outside the scope of the Agreement, IETA recommends ECY to **avoid over-narrowing tribal offset eligibility**. The proposed DEB requirement for additional tribal offsets above the general limit could further constrain supply without materially improving environmental integrity. We recommend retaining flexibility here to preserve cost-containment benefits.

Additionally, we recommend ECY **encourage legislative dialogue on the role and benefits of offsets.**<sup>1</sup> Ecology should engage with legislators to highlight how offsets, particularly those providing DEBs to Washington, can lower compliance costs, broaden abatement opportunities, and support local environmental and economic co-benefits. This dialogue could help inform future statutory adjustments that better balance environmental integrity with market efficiency in a linked system. With our experience supporting the integration of high-integrity offsets into compliance programs, IETA is prepared to assist ECY with any legislative proceedings.

### **Conclusion:**

Once again, IETA appreciates this opportunity to provide feedback. Our community continues to dedicate significant effort to best leverage IETA's deep global and domestic carbon market expertise to provide ECY with constructive, solutions-oriented thinking. We aim to inform a pragmatic linkage pathway to support robust program development that achieves both climate outcomes and broader socioeconomic benefits.

We look forward to continuing our strong relationship with ECY and further engaging on California-Québec-Washington market linkage.

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<sup>1</sup> For future legislative consideration, IETA recommends the following:

- a) Review jurisdictional location restrictions for linked offsets.** Consider allowing offsets from linked jurisdictions that provide DEBs to Washington, regardless of project location
- b) Enable protocol flexibility for Washington-based projects.** Consider allowing Washington-located projects developed under approved California protocols — where they meet DEB and verification requirements — to be eligible for compliance use



350 Seattle  
600 1st Ave, Suite 200C  
Seattle, WA 98104  
[info@350seattle.org](mailto:info@350seattle.org)

May 6, 2026

Stephanie Potts  
Cap-and-Invest Program Linkage Planner  
Department of Ecology  
Submitted via public comment form: <https://ecology.commentinput.com/?id=dh3NgpHmA>

Re: Draft Washington-California-Québec linkage agreement

Dear Ms. Potts,

Thank you for extending the public comment period on the Draft Washington-California-Québec linkage agreement related to the Climate Commitment Act (CCA).

By all accounts linkage will bring lower allowance prices and less money for climate and resiliency investments:

*Lower revenues may affect the state's timeline for achieving the CCA emissions targets by reducing investments and delay benefits for overburdened communities. (1)*

Given the 2026 legislature's unprecedented use of CCA funding to meet budget shortfalls (2), the prospect of lower CCA investment revenues is especially concerning. State climate goals may not be met, and there will be less revenue available to mitigate impacts to overburdened communities.

Research on California's cap-and-trade program (3) shows that market-based systems have not consistently delivered air quality improvements in disadvantaged communities without additional safeguards.

Ecology's own Environmental Justice Assessment (4) acknowledges that impacts to overburdened communities are uncertain, largely because polluting industries can choose where to reduce emissions. This uncertainty means that pollution reductions may happen elsewhere while pollutants affecting particular communities persist.

And if facility-specific emission reductions proposed by the Environmental Justice Council into the CCA are not feasible at this time (5), then clearly overburdened communities will be worse off as a result of linkage.

Here is one example. In the case of Concentrated Animal Feeding Operations (CAFOs), it is very possible that pollution reductions will *not* occur given the perverse incentive to increase manure output to monetize avoided methane credits in California's cap and invest system (6).

CAFOs in rural communities can lead to serious health effects due to CAFOs' effects on the air, land and water (7). In fact, CAFO waste emits as many as 168 gases, including hazardous chemicals such as ammonia, hydrogen sulfide and methane. In the lower Yakima Valley, monitoring well testing indicates that much of the water is tainted with high levels of nitrogen (8).

To the extent that the proposed linkage between Washington's carbon market and that of Quebec would encourage the use of digesters to manage methane emissions, we would argue the following:

While digesters capture some methane, they can actually increase the amount of ammonia (9) and nitrate in the manure (10). In addition, the resulting digestate contains concentrated ammonia and other forms of nitrogen, which when sprayed on neighboring fields, leads to algae blooms in waterways (11). The concentrated ammonia that comes from digestate is also a serious health risk according to a study by the National Academy of Sciences (12), which links thousands of premature deaths to particle pollution generated by ammonia emissions from agriculture. And a more recent study by researchers from the University of California and the University of Michigan (13) confirms that counties with large CAFO operations experience higher particulate matter, and notes that Washington has 408 cattle CAFOs and is one of the top 10 states with the highest number of cattle CAFOs. Finally, digesters can enhance the ability of the waste to pollute water sources with nutrients like phosphorus and nitrogen (14).

Given that these serious health concerns are associated with CAFOs in rural communities, including in Yakima County where a large portion of the community is Hispanic (15), the Department of Commerce is obligated to comply with the HEAL Act, which requires the agency to identify and address environmental health disparities in overburdened and vulnerable communities. One example of a likely violation of the HEAL Act is the civil rights complaint that Friends of Toppenish Creek filed with the EPA in 2024 (16), alleging that the Yakima Clean Air Agency has failed to adequately respond to complaints of poor air quality by residents of southern Yakima County. For our state to continue to fund digesters – which can lead to increased CAFO pollution – would be a likely violation of the HEAL Act.

California has failed to adequately manage CAFO emissions for decades and contemplated measures will be extremely expensive (17). Washington's CAFOs are under-regulated and over-subsidized (18). Stronger and more effective regulation for manure management in Washington is needed *before* linkage with California reduces CCA revenues.

Finally, as we noted in our comment three years ago (19), a baseline report on the effectiveness of the Climate Commitment Act's investments, and those by covered entities, in reducing greenhouse gas emissions should precede linkage. We strongly recommend that the legislature have adequate time to review the 2027 effectiveness report before linkage is implemented.

Sincerely,

Selden Prentice  
David Perk  
350 Seattle  
c/o [davidperk@350seattle.org](mailto:davidperk@350seattle.org)

*350 Seattle works toward climate justice by organizing people to make deep system change: resisting fossil fuels; building momentum for healthy alternatives; and fostering resilient, just, and welcoming communities.*

## References

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CLIMATE  
ACTION  
RESERVE

453 S. Spring Street, Suite 400 #146

Los Angeles, California 90013

[www.climateactionreserve.org](http://www.climateactionreserve.org)

(213) 891-1444

May 6, 2026

Washington State Department of Ecology

300 Desmond Drive SE

Lacey, WA 98503

**RE: Comments on the Draft Agreement on the Harmonization of Market-Based Programs for Reducing Greenhouse Gas Emissions Between Québec, California, and Washington**

The Climate Action Reserve (the Reserve) appreciates the opportunity to provide public comments on the draft linkage agreement released on March 3, 2026, which outlines the proposed integration of Washington’s cap-and-invest program with the joint California-Québec market. As an approved Offset Project Registry under both the California and Washington State Cap-and-Invest programs, we strongly support this milestone and the jurisdictions’ shared commitment to scaling regional climate leadership.

**Support for Program Linkage**

We support the overarching objective of the agreement to harmonize greenhouse gas (GHG) reporting and market-based programs. A linked market across Washington, California, and Québec will provide greater liquidity, reduce price volatility, and support each jurisdiction’s ability to meet their climate goals. The regional cooperation will further serve as a model for global markets and governments to achieve emissions reductions in a cost-effective manner.

**Recognition of Compliance Instruments and Offset Quality**

We further support the provisions in Section 1 and Section 6 regarding the mutual recognition, equivalence, and interchangeability of compliance instruments. The ability for market participants to transfer and exchange instruments - including allowances and offset credits - across jurisdictions is fundamental to a functional linked market.

Furthermore, we support Section 5, which requires all offset protocols to ensure emission reductions and removals to be real, additional, quantifiable, permanent, verifiable, and enforceable. These essential quality criteria are vital for ensuring the environmental integrity of the market. In addition, we support the need for shared infrastructure to

facilitate the interoperability of the programs as established in Section 9.

**Commitment to Technical Collaboration**

Finally, the Reserve remains open to further collaboration and to provide technical support for the development and refinement of high-quality offset protocols. We remain committed to supporting Ecology and its partners in maintaining a robust, high-integrity offset market that provides cost-effective emission reductions for Washington, California, and Quebec.

Sincerely,

/s/ Amy Kessler

Amy Kessler

Director, Market Development



## **Joint Comments of Avista Corporation, Cascade Natural Gas Corporation, NW Natural, and Puget Sound Energy Regarding Cap-and-Invest Linkage**

May 6, 2026

Washington State Department of Ecology  
Air Quality Program  
P.O. Box 47600  
Olympia, WA 98504-7600

*Submitted electronically via <https://ecology.commentinput.com/?id=dh3NgpHmA>*

Avista Corporation, Cascade Natural Gas Corporation, Northwest Natural Gas Company d/b/a NW Natural, and Puget Sound Energy, Inc. (collectively, the “Utilities”) submit these comments to the Washington Department of Ecology (“Ecology”) on the current draft Washington-California-Québec linkage agreement (“Draft Agreement”), as well as on Ecology’s Draft Findings report, Environmental Justice Assessment, and its Determination of NonSignificance under the State Environmental Policy Act.

The Utilities strongly support Washington linking with California and Québec to cost-effectively meet state emission reduction targets through the Climate Commitment Act (“CCA”) program. To assist in this effort, the Utilities provide comments stressing the need for greater transparency, while also highlighting issues for the Consultation Committee to address promptly and recommending amendments to certain sections of the Draft Agreement. These recommendations would help define what the Draft Agreement covers and align the three market-based programs more closely. This, in turn, would boost Washington’s effectiveness at lowering greenhouse gas emissions while balancing the pervasive need for affordable and reliable energy and ultimately strengthen Washington’s ability to achieve enduring emission reductions. Finally, the Utilities concur with Ecology’s core conclusions regarding the benefits linkage will bring to Washington State.

### **I. The Utilities support the use of the California-Québec linkage agreement as an initial framework for Washington linkage but ask for greater transparency.**

The Utilities support the Draft Agreement’s reliance on the California-Québec linkage agreement as a starting framework for Washington linkage. However, the Utilities believe that greater transparency is needed throughout the Draft Agreement.

Regarding the current framework, the Draft Agreement’s provisions regarding holding joint auctions, accepting allowances and offset credits from linked jurisdictions, using the Western Climate Initiative’s common registry and auction platform, implementing a transparent and data-driven greenhouse gas emissions accounting mechanism, resolving differences, regular communication, confidentiality obligations, amending the agreement, adding new jurisdictions, and withdrawing from the agreement are crucial to effective harmonization, and the Utilities appreciate their incorporation.

Nevertheless, the language in the Draft Agreement as currently written is often vague and lacking sufficient detail regarding exactly how different aspects of each program will be harmonized. It is crucial that regulated entities and other stakeholders know what changes are being contemplated, and that these proposed changes are identified publicly with an opportunity to comment before an agreement is formalized. To this end, the linkage agreement should commit to an open process regarding how the Consultation Committee will operate, including public comment opportunities and deliberation in open meetings. Such a process would result in better outcomes, as the general public, regulated entities, and agency officials would benefit from increased dialogue with each other about the potential impacts of any proposed changes.

**II. The Consultation Committee should promptly address setting uniform allowance prices, auction timing, four-year compliance periods, and administrative costs.**

The Draft Agreement does not explicitly provide for uniform allowance prices between jurisdictions. The Utilities understand that uniform allowance prices may be implicit in holding joint auctions. However, the Utilities wish to emphasize the importance of setting uniform floor prices, ceiling prices, and allowance price containment reserve tier prices across jurisdictions and suggest that the Consultation Committee specifically consider how these essential price containment mechanisms will be set to create certainty and promote market integrity. Likewise, the Consultation Committee will need to address when auctions across jurisdictions should occur.

Similarly, the Draft Agreement does not explicitly provide for harmonizing compliance periods between jurisdictions. The Utilities understand that California and Québec are currently considering changes to compliance period lengths and suggest that the Consultation Committee and Ecology advocate for four-year compliance periods across jurisdictions. Shortening the length of the first compliance period for linkage purposes would upend near-term compliance planning to the detriment of the Utilities and their customers. Moreover, a longer compliance period will account for variability in energy demand and supply from year to year and help smooth out compliance costs for consumers over time.

Relatedly, it will be essential for broader market reliance and stability for Ecology to establish clear and concise direction regarding the true-up of allowance allocations for entities who experience annual unpredictable fluctuations in renewable energy production such as hydroelectric and extreme weather (i.e., peak demand).

Finally, the administrative costs of auction participation should also be transparently addressed in a prompt manner.

**III. The Draft Agreement provisions regarding the accounting mechanism and confidentiality obligations should be amended for clarity and to more effectively carry out their intent.**

***Section 13: Accounting Mechanism And Treatment Of Emissions Reductions***

The term “Participant” in the second line of the second paragraph of Section 13 is ambiguous and could lead to confusion, as it is not explicitly defined. This reference appears to be intended for the jurisdictions themselves rather than individual market participants, so the Utilities

suggest replacing “Participant” with “Québec, California, and Washington State,” consistent with the rest of the Draft Agreement and the California-Québec linkage agreement.

### ***Section 15: Confidentiality of Information***

Section 15 of the Draft Agreement should provide for the anonymization of all information collected by Québec, California, and Washington State under the agreement and posted publicly to protect the integrity of the allowance market. The Utilities suggest the relevant portion of the second paragraph be amended to “. . . each of them will endeavor to protect the information they disclose and collect, *including by anonymizing any information posted publicly . . .*” (Addition emphasized).

The Utilities further suggest that Section 15’s notification provision in paragraph four be extended to include notifying the market participant or participants whose information must be communicated to provide those participants with valuable time to respond appropriately. The Utilities suggest the relevant portion of the fourth paragraph be amended to “. . . will endeavor to notify each other *and the affected covered entities or general market participants* as soon as possible.” (Addition emphasized).

### **IV. The Utilities support Ecology’s core findings regarding linkage.**

The Utilities support Ecology’s core findings regarding linkage in its Draft Findings report, Environmental Justice Assessment, and its Determination of NonSignificance under the State Environmental Policy Act. Specifically, the Utilities agree with Ecology that “a linked market is likely to result in comparable greenhouse gas reductions but at a lower cost for Washington businesses, making linkage a path toward more cost-effectively addressing the global climate crisis, while retaining each jurisdiction’s environmental justice provisions.”<sup>1</sup> The Utilities also agree that more predictable allowance prices resulting from linkage will give regulated entities the certainty needed to make long-term investments in reducing greenhouse gas emissions.<sup>2</sup>

Additionally, the Utilities concur with Ecology that linkage “could benefit overburdened communities and vulnerable populations by providing consistent funding for climate adaptation and resilience projects and other types of projects in overburdened communities, and by supporting continued greenhouse gas reductions which may also reduce air pollution[,] and that “[l]ower compliance costs from linkage may also reduce energy and fuel costs for low-income households, if energy companies pass on those cost savings to their customers.”<sup>3</sup>

Finally, the Utilities agree with Ecology’s Determination of NonSignificance regarding linkage, as this action would support reductions in greenhouse gas emissions and therefore is not expected to have significant adverse environmental impacts.<sup>4</sup>

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<sup>1</sup> Washington Department of Ecology, *Cap-and-Invest Linkage Criteria: Draft Findings*, 6 (Apr. 2026), <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>.

<sup>2</sup> *See id.* at 8.

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The Utilities appreciate the opportunity to engage with Ecology on linkage between Washington's CCA program and other jurisdictions. If you would like to further discuss this letter or have any questions, please reach out to Jillian Caires (jillian.caires@avistacorp.com), Abbie Krebsbach (abbie.krebsbach@mdu.com), Mary Moerlins (mary.moerlins@nwnatural.com), and Lorna Luebbe (lorna.luebbe@pse.com).

/s/ Jillian Caires

Jillian Caires  
Director of Environmental Affairs  
Avista Corporation

/s/ Abbie Krebsbach

Abbie Krebsbach  
Environmental Director  
Cascade Natural Gas Corporation

/s/ Mary Moerlins

Mary Moerlins  
Director of Environmental Policy &  
Corporate Responsibility  
NW Natural

/s/ Lorna Luebbe

Lorna Luebbe  
Senior Vice President,  
Chief Sustainability Officer, and  
General Counsel  
Puget Sound Energy



**To:** Stephanie Potts  
Dept. of Ecology, CPRP Program

**From:** Kevin Tempest  
Research Director  
Clean & Prosperous

**Date:** May 6, 2026

**RE:** Comments on Cap-and-Invest: Draft Washington-California-Québec linkage agreement

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## General Comments

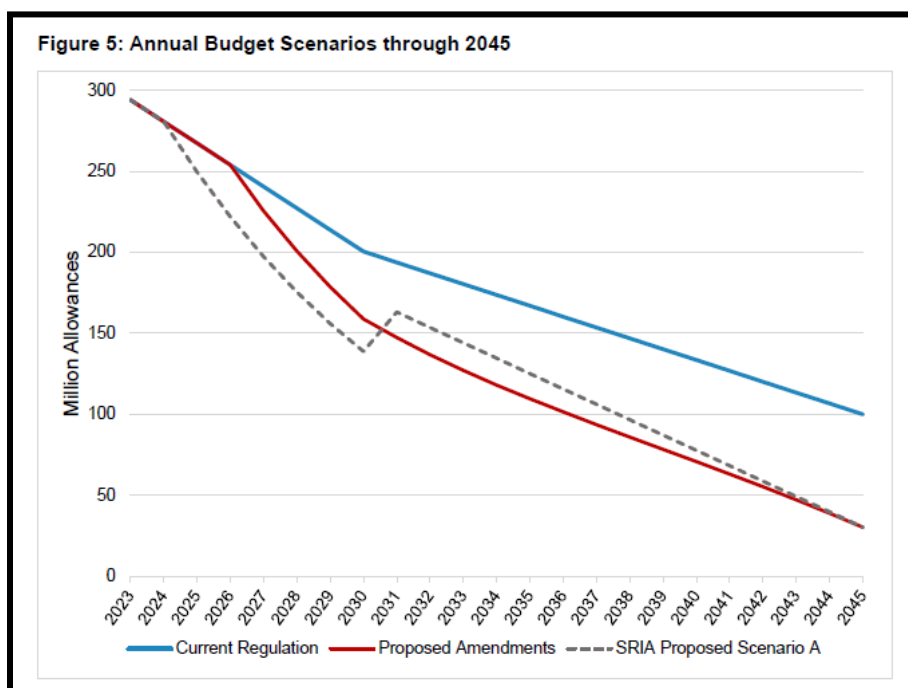
Clean & Prosperous (C&P) appreciates Ecology's continued work and collaboration with potential partner jurisdictions to advance efforts to link cap-and-invest programs in a timely fashion. Since our last comments in early September 2025, key developments have unfolded in both markets. These efforts point towards a strengthening of program clarity, longevity, and alignment of allowance budgets that make linkage as high a priority as ever. C&P agrees with the overarching assessment that "a stable and durable Cap-and-Invest Program over the long term is critical for the state to efficiently achieve greenhouse gas reduction limits." This likelihood and ambition are improved by well-designed linkage.

## Key Benefits of Linkage

- **Enhanced Program Durability and Stability:** Reduced price volatility fosters sustained investment and predictable revenue while improving foresight and confidence for businesses and facilities making long-term capital investments.
- **Improved Compliance Opportunities:** Expanded market access lowers compliance costs, reducing economic and emissions leakage risks for emissions-intensive, trade-exposed (EITE) industries.
- **Greater Ambition and Collective Action:** Linked jurisdictions encourage further market expansion and collective emissions reduction commitments.
- **Economic Efficiency:** Lowered compliance costs help mitigate consumer price impacts, supporting economic resilience.

On September 19, California’s AB 1207 and SB 840 were signed into law, extending their “Cap-and-Invest” program through 2045. These laws also provided direction to align the cap trajectory with the 2030 and 2045 targets, place offsets “under the cap” as in the Climate Commitment Act, review price containment design, and update the spending framework of auction revenues through the Greenhouse Gas Reduction Fund.<sup>1</sup> The California Air Resources Board (CARB) issued an Initial Statement of Reasons (ISOR) with proposed rule-making in January, followed by a 15-day notice of proposed amendments in mid-April for which [comments](#) just closed on May 4.

CARB is set to vote on the proposed amendments before the end of May, and ideally keep the programs on track to link in 2027. Taken together, these rulemakings have tightened the overall allowance budget from 2027-2045 by *at least 900 million allowances*, with additional tightening depending on the efficacy and uptake of new Manufacturing Decarbonization Incentives and offset usage under the cap.<sup>2,3</sup> This is *at least a 29% reduction* from the 3.1 billion originally planned for California’s cumulative allowance budget from 2027-2045 (see chart below, taken from the January CARB ISOR).



<sup>1</sup> California extends cap-and-trade to 2045, renames program “Cap-and-Invest”. International Carbon Action Partnership. September 29, 2026 (<https://icapcarbonaction.com/en/news/california-extends-cap-and-trade-2045-renames-program-cap-and-invest>)

<sup>2</sup> Staff Report: Initial Statement of Reasons. CARB. January 20, 2026. ([https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2026/cap\\_invest/nc\\_isor.pdf](https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2026/cap_invest/nc_isor.pdf)).

<sup>3</sup> Between 115 and 224 million allowances through 2045 according to analysis shared by Clean & Prosperous California, assuming up to full offset usage. Each offset used for compliance would remove an allowance from the budget.

In Washington, the Department of Ecology recently released *Details related to planned implementation of House Bill 1975 (2025)* that clarify allowance budget and Allowance Price Containment Reserve allocations and availability starting in 2027. This is necessary to align the specific dates by which annual targets are to be achieved with legislative intent and precedent in potential partner jurisdictions. C&P has been advocating for this correction since initial rulemaking in 2022.<sup>4</sup> Washington's cap trajectory remains ambitious and scientifically grounded, but additional allowance supply will be welcome to ensure price and revenue stabilization prior to anticipated linkage in 2027.

These are welcome developments that offer greater certainty and predictability of shared benefits between aligned and linked carbon markets. As we have previously noted, linking the only economy-wide carbon markets in North America is very likely to provide substantial near-and long-term benefits aligned with the Climate Commitment Act (CCA) goals, including program durability, market stability, lower compliance costs, reduced leakage risk, increased investment predictability, and the potential for enhanced collective ambition across jurisdictions. Increased ambition is visible in California's extension, placement of offsets under the cap, and tightened allowance budgets.

At the same time, it will be critical to manage ongoing and emerging developments. This includes post-2030 allowance allocations and treatment of EITE facilities as well as the possibility of systemically low allowance prices in a linked market, which more recent modeling efforts have highlighted as increasingly possible without needed interventions.

## Additional Context on Draft Findings

Ecology has considered and given proper weight to prior public comments on linkage as evidenced by the additional research and supporting material contained in the Draft Findings. This includes evaluating specific concerns raised by the Environmental Justice Council - some of which California's substantial tightening of allowance supply and placement of offsets under the gap helps to mitigate. C&P concurs with Ecology's assessment that facility-specific emissions caps are not feasible under Ecology's current authority.

C&P has spent time reviewing provisions around benefits to overburdened communities across potentially linked jurisdictions, and appreciates the detailed background and

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<sup>4</sup> As noted in our previous comments from September: C&P continues to caution against overreliance on the APCR: "*review of the preliminary regulatory analysis (PRA) indicates that the case for additional price containment mechanisms is less pressing than the scenarios presented by Vivid Economics may suggest. CPI finds that a more realistic set of assumptions significantly lowers the anticipated range of allowance prices,*" (Regulatory Analysis comments, 2022). This does not mean the APCR should be discarded, rather C&P encourages clarity and transparency on APCR use, including the parameters under which different volumes will be made available at the Tier 1 and Tier 2 price points.

comparison out of Western Washington University in Appendix E (Washington Cap-and-Invest Linkage Criteria Qualitative Analysis, Center for Economic and Business Research). Further insights into price and emissions modeling (UC Berkeley, including Appendix F) and evaluation of different methods to treat banked allowances from other jurisdictions (Monitoring Analytics, including Appendix G) are important contributions to the conversation.

C&P would like to draw forward a couple of points related to these components of the draft findings:

**Modeled Emissions Changes under Linkage:** One repeated concern is that a linkage agreement would lead to increased emissions in either Washington or across the combined jurisdiction. With the CARB rule-making and the new modeling for these Draft Findings from Bushnell and Smith (UC Berkeley) we have an updated picture of the magnitude: a 2.43% increase in the 2023-2030 budget of Washington and a 0.46% increase jurisdiction-wide. Counter-weighted against this potential increase against unlinked emissions is the threat to program durability and stability. A more volatile, less predictable, and lower durability program will act more myopically; it is more likely entities will simply pay the price to pollute and pass it on rather than innovating and investing. Given these tradeoffs, it is important to understand these percentages in a fuller context.

Based on C&P estimates of allowance budgets in each jurisdiction from 2023-2030, we can estimate how the modeled expansion of emissions relates to total covered emissions in 2030.<sup>5</sup>

- For Washington, a 2.43% expansion of the 2023-2030 budget **is equal to 0.3 years of 2030 covered emissions** (9.1 MtCO<sub>2</sub>e versus an annual limit of 34.7 MtCO<sub>2</sub>e);
- Combined, a 0.46% expansion of the 2023-2030 budget **is equal to 0.05 years of 2030 covered emissions** (12.1 MtCO<sub>2</sub>e versus an annual limit of 234.3 MtCO<sub>2</sub>e). Put another way, the proposed reduction in the 2030 annual budget for California in the ongoing program update (41.7 MtCO<sub>2</sub>e) is 3.45 *times* greater than the modeled expansion of emissions if the Draft Findings.

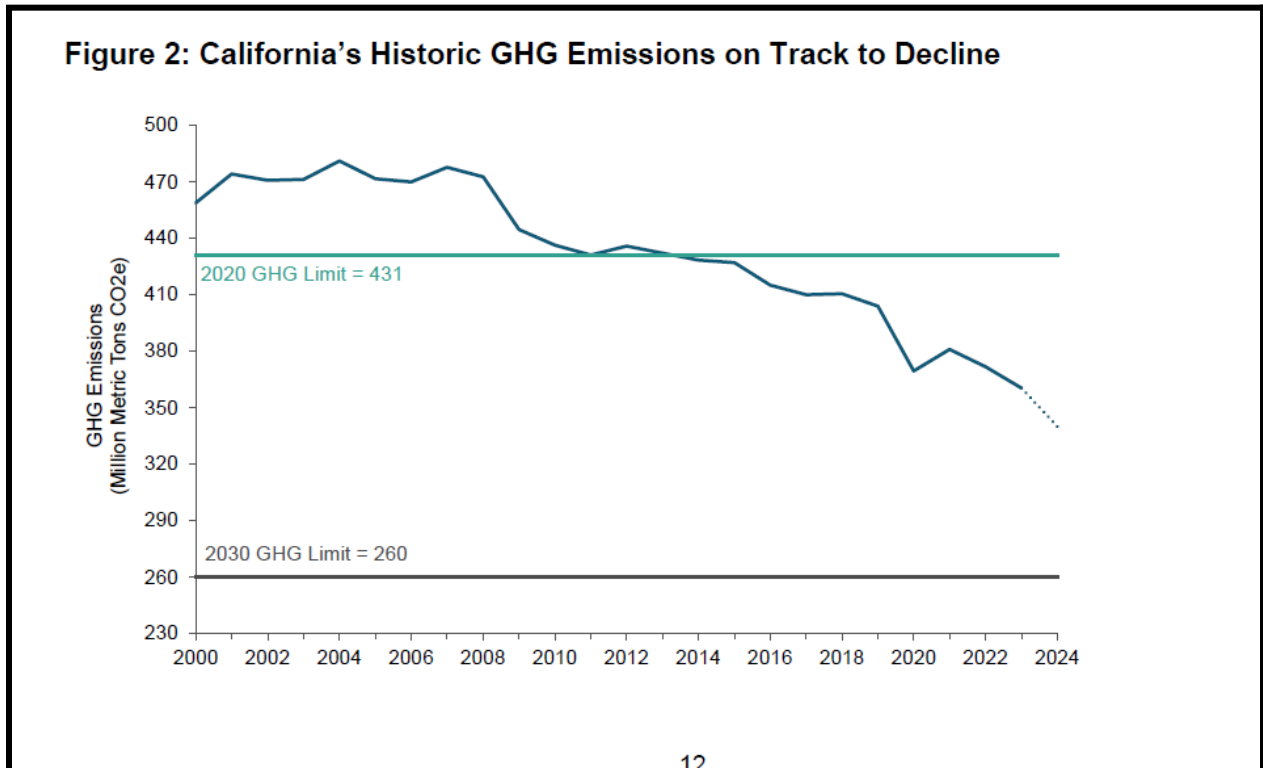
Notably, this modeling does not account in any way for the impact of state-directed investments. These could reasonably be anticipated to reduce an amount of emissions of this scale or greater within this timeframe.<sup>6</sup>

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<sup>5</sup> We use the January ISOR allowance budget from CARB which the UC Berkeley model reflects, but not implementation in Washington of HB 1975. However, given that HB 1975 increases the Washington allowance budget, we anticipate the inclusion would move these estimates to a lower share of annual emissions.

<sup>6</sup> Ecology's Draft Findings note this point about New York modeling: "For example, in January 2024 New York presented a preliminary analysis overview as part of the process of considering implementing a cap-and-invest program. The analysis modeled investments of auction revenue

**Understanding California's Recent Progress:** California continues to be a national leader in reducing greenhouse gas emissions while growing the economy and embedding climate equity (see figure below, taken from CARBs January ISOR). This is in no small part due to its long-standing carbon market, and provides important context as Washington moves closer to a larger, combined carbon market.



The emissions reductions under the cap and the investments enabled by the auction revenue have also demonstrated a strong nexus to equity and environmental justice:

- A 2024 [Greenlining Institute and USC Equity Research Institute Report](#), noted that, *The majority of implemented CCI dollars—73% of the \$9.2 billion implemented as of November 2022—are landing in and providing some benefit to, what the State calls “Priority Populations”, and that, the majority of investment types within the CCI portfolio—transportation, transit-oriented affordable housing, urban greening, solar, weatherization, air quality improvement, water infrastructure—are those that were identified as being desired and helpful by the environmental justice and community-based organizations interviewed for the report.*

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focused on boosting residential and commercial heat pumps and electric vehicles in New York State. It found that those investments drive a 10% reduction in emissions relative to the reference case by 2030 and a 14% reduction in emissions by 2035.”

- The State of California Office of Environmental Health Hazard Assessments [Impacts of Greenhouse Gas Emission Limits Within Disadvantaged Communities: Progress toward Reducing Inequities](#) (2022) found that: ***In 2017, emissions of greenhouse gases, PM2.5 and air toxics from facilities subject to the Cap-and-Trade program were less than in 2012 in the most impacted communities identified by CalEnviroScreen, as well as in most other California communities. The decrease in PM2.5 exposure stemming from these facilities was 45 times greater in the state's most impacted communities than the communities with the lowest overall impacts from pollution.***

With statewide emissions reductions accelerating since 2017 relative to 2012-2017 (see figure above), California Climate Investments continuing to emphasize “priority populations”, and a trend of [Cleaner Vehicles Lead to Healthier Air for All Californians](#), it is likely that more recent data will indicate at least a continuation of these trends and momentum to build from in a linked market.

## Ongoing Program Management

Even linked, additional interventions are needed to meet long-term emissions targets. This can be accomplished with periodic updates and through the use of mechanisms available in the program. Key among these are the intersection of industrial emissions with leakage and affordability concerns, and the importance of a strong market signal that does not simply track the price floor.

How post-2030 treatment of EITE facilities interacts with a backdrop of federal retrenchment, affordability concerns, the remaining allowance budget, and common considerations of emissions leakage potential are not questions isolated to a single jurisdiction. No-cost allowance supply to these entities, along with determinations of assistance factors, designated use of revenues, and potential new mechanisms like the Manufacturing Decarbonization Initiative under consideration by CARB are among the potential options for Ecology to evaluate.

An additional area to monitor concerns the possibility of systemically low allowance prices in a linked market. Price and revenue projections have consistently pointed to lower compliance costs for covered Washington entities under a linked market.

However, recent and emerging modeling including that conducted by researchers at UC Berkeley for the draft linkage findings indicate that linked prices may follow the price floor rather than sit between the price floor and cost containment levels as previously modeled.<sup>7</sup> This has important implications for planned revenue for investments in programs that benefit communities throughout the state.

Prices at the floor are consistent with a program in which the market does not determine the price necessary to meet the cap, and therefore a cap that is not motivating additional emissions reductions. By contrast, auction prices that fall between the price floor and ceiling are consistent with a market that is working efficiently and responding to a binding emissions cap. While achieving decarbonization goals at lower costs is a positive, persistently low market prices risk shifting the performance burden onto higher cost programs while reducing state revenues that benefit communities. We encourage Ecology and its counterparts to plan for ways to manage a shared program, including allowance budgets and Emissions Containment Reserve utilization, so that tracking the price floor or undersubscribed auctions do not become a defining feature.

## Conclusion

Linkage represents a historic opportunity for Washington to strengthen its cap-and-invest program, moderate costs, and advance climate ambition. Clean & Prosperous continues to support Ecology's timely pursuit of linkage adjustments—ensuring that Washington's program remains a durable, predictable, and effective driver of climate progress. Developments since the last comment period in September 2025 point to increased confidence that linkage with California and Québec will satisfy the required criteria including increasing cost-effectiveness, stringency of the Climate Commitment Act on meeting greenhouse gas emissions reduction limits, and ensuring benefits with no net adverse impacts to vulnerable populations and overburdened communities or analogous in Washington or other jurisdictions.

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<sup>7</sup> Analysis provided by [Greenline Insights for the California ISOR](#) and proposed amendments indicate that the allowance budgets proposed in the ISOR may not be sufficient to lift auction prices above the price floor in the years ahead while a more stringent allowance budget would still keep prices well below any containment reserve or price ceiling through 2045 while still providing affordability benefits to California households.



May 6, 2026

**Re: Kaiser Aluminum Comments on Draft Washington-California-Québec Linkage Agreement**

Thank you for the opportunity to comment on the Draft Washington-California-Québec Linkage Agreement. Kaiser Aluminum appreciates Ecology's efforts to stabilize compliance costs under the Climate Commitment Act while reducing greenhouse gas emissions in Washington.

In the early years of the Climate Commitment Act, one of the significant challenges for regulated parties has been the high and fluctuating cost of auctioned allowances. Long-term investments in facilities and jobs in Washington require a stable allowance market and predictable compliance costs. Kaiser supports linkage of the Washington market to the combined California and Québec market to stabilize allowance prices and improve the predictability of entities' compliance costs.

Any linkage of the Washington market to the combined California and Québec market must maintain the statutory treatment of emissions-intensive, trade-exposed entities (EITEs) in Washington. Linkage to the larger combined market should not negatively affect EITEs' compliance pathway. Instead, as Ecology works out the details of linking the markets, it should look for opportunities to support EITEs' long-term investment and growth in Washington. Kaiser respectfully asks Ecology to engage all stakeholders, including the EITE community, as it negotiates the details of linkage implementation.

Kaiser continues to welcome any opportunity to work with Ecology to review the Climate Commitment Act's performance and impact on industries in Washington. Kaiser encourages Ecology to maintain a meaningful dialogue with regulated parties and to facilitate an ongoing public process as it implements linkage with California and Québec.

The Climate Commitment Act is driving public and private investment in greenhouse gas emissions reductions. Kaiser appreciates efforts to stabilize the Climate Commitment Act's allowance market and looks forward to working with Ecology to identify program improvements that encourage EITEs to responsibly invest and expand in Washington.

Sincerely,

A handwritten signature in black ink, appearing to read "Brent Downey", written over a large, light blue circular scribble.

Brent Downey

Director of Corporate Environmental Engineering  
Kaiser Aluminum

## Steven McCombs

I am against Washington State Department of Ecology entering into the proposed California-Quebec-Washington State Linkage Agreement.

Expecting the citizens of Washington State, who make up less than 0.01 percent of the world's population, to significantly impact global temperature and carbon dioxide levels is an unrealistic and costly idea that they shouldn't be burdened with.

The Earth's temperature is largely influenced by its distance from the Sun and the tilt of its axis as it rotates. This distance isn't constant and can vary over tens, hundreds or even thousands of years.

Net Zero Carbon programs are generating millions of tons of worn-out wind turbines and solar panels that are almost impossible to recycle and shouldn't just be dumped in the ground. Yet, these same programs still label these items as Green Energy.

The current Carbon Reduction programs will unfairly affect many citizens of Washington State, without giving any benefits to them. Only a few groups will benefit, the ones that are guaranteed a defined per cent of the proceeds from the Climate Commitment Acts revenue.

- Steven McCombs

May 6, 2026

Stephanie Potts, Cap-and-Invest Program Linkage Planner  
Department of Ecology  
300 Desmond Dr SE, Lacey, WA 98503

**Re: Climate Solutions' Comments on the Linkage Agreement, Draft Linkage Criteria Analysis, and Environmental Justice Assessment**

Dear Stephanie Potts,

Climate Solutions appreciates the Department of Ecology's ("Ecology") continued opportunities to engage and comment on potential carbon market linkage with California and Québec's joint market. Climate Solutions is a nonprofit organization working to accelerate clean energy solutions to the climate crisis. We have been a strong advocate for the Climate Commitment Act since its inception and are deeply invested in its success. We have been engaged in the topic and process of linking since it was first introduced by Ecology.

Although prices are now leveling off, allowance prices were variable in the first two years of CCA implementation due to the uncertainty that comes with a new program and pressure from Initiative-2117. Linkage with the California-Québec market has the potential to stabilize prices. This predictability can help ensure the longevity of the program and help covered entities plan for their decarbonization investments, while also relieving administrative burdens, and, most critically, leading to greater reductions in greenhouse gas emissions across the region. This is an incredible opportunity for the participating states and provinces - and those that are considering similar cap-and-invest programs - to collectively improve their climate outcomes.

But in order to facilitate linkage and achieve those benefits, Ecology must ensure (per RCW 70a.65.210(3)) that linkage (1) does not impact Washington's ability to meet its climate mandates, (2) does not harm overburdened communities, and (3) provides benefits to overburdened communities. Below, we offer recommendations to support meeting each of these criteria through the process of linkage, the linkage agreement, and through additional policy mechanisms.

**I. Linkage Agreement: Maintain language that facilitates ongoing review of programs and conversations.**

According to Ecology, a linkage agreement can help facilitate a more successful merging of markets by establishing expectations – e.g., agreeing to hold auctions jointly using the same platform – and a process for regularly communicating, consulting, and coordinating. Ecology states that a linkage agreement cannot “modify existing laws and regulations, nor obligate jurisdictions to create new ones” so it appears that the draft linkage agreement generally serves its intended purpose.

We appreciate the inclusion of the following provisions:

- “The Parties shall continue to examine their respective regulations for the reporting of greenhouse gas emissions and for the cap-and-trade program in order to promote continued harmonization and integration of the Parties' programs.”
- “To support the objective of harmonization and integration of the programs, any proposed changes or additions to those programs shall be discussed between the Parties.”

Applied together, these two agreements indicate (1) the importance of revisiting policies as new information comes to light around different needs for harmonization and (2) the need to communicate, coordinate, and collaborate to facilitate successful linkage. This suggests that while the agreement itself cannot obligate a jurisdiction to create new laws or regulations, it can facilitate important conversations for the need for changes and safeguards to be put in place.

## **II. Consider adding additional recognition of commitments to improving outcomes in overburdened communities.**

We appreciate that the linkage agreement includes, in its preamble, each jurisdiction’s shared commitment to using the proceeds from their programs to improve public health, quality of life, and economic opportunity in disadvantaged and overburdened communities. We recommend building on this statement to include an additional reference to each jurisdiction’s obligations to improve air quality in overburdened communities beyond investments. As part of the Consultation Committee’s charge in Section 12 to monitor program implementation, we also suggest explicitly stating that the committee will monitor the impact of linkage and each program’s design on overburdened communities and harmonize across programs to improve outcomes if gaps are identified.

## **III. Leverage existing policy mechanisms and processes already established to (1) ensure air quality improvements in overburdened communities and (2) maintain Washington's program stringency in a linked market.**

It is critical that Ecology leverages existing safeguards in the Washington program to meet the linkage criteria.

- 1. Air Quality Rulemaking:** The rulemaking process required under RCW 70a.65.020(2) to reduce criteria pollution from highly polluting sources in overburdened communities is fundamental to the success of the CCA. We encourage the Department to work to formalize rule language expediently and to strive to identify high-priority emitters and issue reduction orders for criteria air pollution as soon as possible. If implemented effectively and expediently, the new air quality rule would be complementary to linkage, improving local air pollution while reducing regional greenhouse gas emissions.
- 2. EITE Compliance:** Ecology’s process to provide recommendations to the Legislature for emissions intensive trade-exposed industry (EITE) compliance under the law is another opportunity to address local pollution and protect Washington’s GHG laws. Until 2035, Washington EITEs will receive most of their allowances at no cost per statute. If EITEs continue to receive a majority of their allowances at no-cost beyond this point, there is a high risk that EITE allowances exceed the cap. We encourage Ecology to develop recommendations for Washington to pursue a strong and effective EITE compliance pathway, taking lessons learned from Québec, which requires consignment of a percentage of allowances to be invested into

decarbonization, and California, which includes a cap adjustment and leakage risk factor. Not only will this reduce emissions in the state, it also helps to further align Washington with California and Québec's program.

- 3. The Emissions Containment Reserve:** As noted above, the linkage agreement sets the stage for continued collaboration and iteration on each jurisdiction's cap-and-invest program to ensure that linkage is successful. We encourage Ecology to hold discussions with other jurisdictions about the value of an Emissions Containment Reserve ("ECR"). Per RCW 70A.65.140, the intent of the ECR is to "help ensure that the price of allowances remains sufficient to incentivize reductions in greenhouse gas emissions." It is a simple, but effective tool that could ultimately help to address concerns with the potential impact of the large volume of California's banked allowances.

#### **IV. Include impact of recent California updates to the Draft Linkage Criteria Analysis.**

In its analysis of the impact of linkage, Ecology examines the near-term challenge of California's large bank of allowances and the ways that California is seeking to mitigate its surplus of allowances. This includes (1) removing 118 million allowances to adjust the cap and (2) placing offsets under the cap. We recommend that Ecology consider the potential impact of California's newest proposed update to its program, which would create an additional allowance reserve equal to the 118 million allowances that were removed specifically for industrial emitters. This is concerning, particularly at a time when California's most recent auction settled at the price floor and did not sell out of compliance instruments. For the integrity and effectiveness of the market, it is critical that this is addressed. Conversely, it would also be useful to understand the impact of California improving its treatment of offsets to mirror Washington and how that might help to *address* the stored allowance issue in the long run.

Overall, linkage provides a unique opportunity to work with other states and provinces to address climate change. We urge Ecology to leverage this connection to encourage linked jurisdictions to maximize the ambition, equity, and integrity of their respective programs, and to serve as a model for other states that are seeking to cap statewide emissions. Thank you for the opportunity to comment and we look forward to continuing to work with Ecology as it explores different pathways to linking with California and Québec.

Sincerely,



Altinay Karasapan  
Washington Regulatory Policy Manager  
Climate Solutions

*Submitted electronically*

May 5, 2026

Stephanie Potts  
Washington Department of Ecology  
Climate Pollution Reduction Program  
300 Desmond Drive SE  
Lace, WA 98503

Dear Stephanie Potts,

The Nature Conservancy (TNC) appreciates this opportunity to provide comments on the [Draft Washington-California-Québec Linkage Agreement](#) that was released in March 2026. This Draft Agreement reflects a major step forward in the process of linking Washington's carbon market with the markets of California and Québec, which itself is an important step in securing lasting, effective implementation of the Climate Commitment Act. Subsequent to the release of the Draft Agreement, Ecology also released the Draft Linkage Criteria Findings and the Draft Environmental Justice Assessment, and our comments below also touch on these documents.<sup>1</sup>

The Nature Conservancy helped shape, and strongly supports, the Climate Commitment Act (CCA) as one of Washington's signature climate policies: a cornerstone of our efforts to reduce greenhouse gas emissions, associated toxic pollution, and invest in creating healthy, thriving, climate-resilient communities. A strong linkage agreement will protect the CCA from being weakened by creating a larger, more secure allowance market and providing greater price stability that allows market participants to plan and implement carbon reduction strategies in order to comply with Cap-and-Invest laws. Securing the CCA, and achieving its goals, aligns strongly with TNC's overall mission to care for the lands and waters upon which all life depends, and specifically with top policy goals in Washington. Therefore, we see linkage as playing an important role in how we realize our mission.

However, merely *achieving* linkage of Washington's market with California and Québec does not, on its own, necessarily guarantee adherence to either the intent of the original law<sup>2</sup> or the specific criteria for a linkage agreement<sup>3</sup>, as outlined in statute. Therefore, after reviewing the Draft Linkage Agreement and the related documents we offer the following comments aimed at ensuring that a future, final agreement upholds those commitments.

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<sup>1</sup> Given the short timeline we had to review these additional documents, we respectfully note that our comments here may not be comprehensive or represent our final analysis.

<sup>2</sup> [RCW 70A.65.005: Findings—Intent.](#)

<sup>3</sup> [RCW 70A.65.210: Linkage with other jurisdictions.](#)

## Additions or changes to the Draft Linkage Agreement

### ***Recommendation 1: Clarify environmental safeguards***

While the agreement is consistent in emphasizing market compatibility, it would benefit from minimum environmental integrity safeguards, particularly where program elements differ across jurisdictions - for example with treatment of offsets and air quality. Explicit guardrails can help maintain public confidence and protect against real or perceived “race-to-the-bottom” risks as related policies and programs continue to evolve independently in a linked system.

**Specifically, TNC recommends:** In Sections 4-6, explicitly state that harmonizations shall not result in a weakening of stringency, ambition, or oversight in any jurisdiction's climate or environmental goals and programs, including air quality, carbon offsets, or GHG emissions reductions.

### ***Recommendation 2: Address equity and environmental justice more explicitly***

The Preamble appropriately recognizes the importance of improving public health, quality of life, and economic opportunity, particularly for disadvantaged and overburdened communities through the proceeds of each jurisdiction's cap-and-invest program. However, these commitments are not operationalized as part of the program operation itself. Although the Agreement rightly does not dictate domestic policy choices, elevating equity as a shared consideration strengthens alignment with each jurisdiction's equity objectives, and provides further confidence with safeguards against a weakening of environmental justice outcomes.

**Specifically, TNC recommends:** Add a statement in Section 1 acknowledging that market linkage efforts should be implemented in ways that support equitable outcomes and do not exacerbate localized pollution burdens. Add an item of the list in section 12 before item ‘c’ that the Consultation committee will monitor how program design impacts community-level climate and environmental impacts, including air quality, across jurisdictions and strive to resolve any inequities that occur from program implementation.

### ***Recommendation 3: Define “overburdened communities” and/or vulnerable populations***

Section 2 of the Draft Linkage Agreement provides definitions for ten terms that are central to the linkage process and to upholding the intent of the greenhouse gas reduction targets that Québec, California and Washington have each respectively adopted. However, there is no definition provided for “Overburdened Communities” (OBCs), a term that is defined in Washington statute, or the equivalent terms used by California and Québec.<sup>4</sup>

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<sup>4</sup> California uses the term “Disadvantaged Communities” ([SB 535 Disadvantaged Communities - OEHA](#))

This is important because Washington’s Climate Commitment Act specifically requires that linking our market with other markets will not result in net-negative impacts on OBCs in Washington or in any other jurisdiction, *and* that “the linking jurisdictions have provisions to make sure that their programs provide benefits for vulnerable populations and overburdened communities”.<sup>5</sup> Therefore, it seems prudent that the Draft Linkage Agreement should provide for some mutually-agreed-upon definition (or different definitions determined to be equivalent) between the three jurisdictions. This will ensure that there are some equivalent criteria for measuring benefits to vulnerable or overburdened communities as required.

**Specifically, TNC recommends:** in Section 2, add a definition of “disadvantaged and overburdened communities and vulnerable populations” that can be mutually-agreed upon by the three jurisdictions.

***Recommendation 4: Add specific criteria for determining whether/when differences in the respective programs need to be resolved***

TNC appreciates that the Draft Linkage Agreement is intended to provide a high-level framework for the overall approach to linking the three markets. Therefore, it is appropriate that the Draft Linkage Agreement does not go into detailed analysis of which elements of the respective programs, regulations and markets *may* currently conflict or require harmonization in the future. However, TNC urges that the Draft Linkage Agreement be revised to include some specific methods or criteria that will be used, in the future, to evaluate whether differences require regulatory or legal changes to be adopted by one (or more) of the jurisdictions. Without a mutually-agreed-upon approach, determined in advance, there is a risk of the jurisdictions disagreeing over whether or not differences are significant and/or require harmonization. If there is disagreement, then some (or all) parties to the Draft Linkage Agreement may not have incentive to pursue changes or additions to their programs, which could require significant time, effort and political will.

**Specifically, TNC recommends:** that the three jurisdictions work together to create criteria, a matrix, a process or some other framework (i.e., criteria, a matrix or some other tool), for evaluating whether or not programmatic differences between the jurisdictions need to be resolved for Québec, California and Washington to each be in compliance with their own laws and regulations. In addition to evaluating compliance and harmonization on procedural, logistical and emissions-reductions measures, the matrix should also evaluate compliance with

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<sup>5</sup> [Linkage - Washington State Department of Ecology](#)

laws, rules and regulations governing air quality and criteria pollution in vulnerable populations and overburdened communities.

## Procedural recommendations

### **Recommendation: Finalize AQ rulemaking before finalizing linkage agreement**

Linking Washington’s carbon market with California and Québec is a policy choice that is primarily driven by the goal of reducing overall greenhouse gas emissions between our three jurisdictions. Reducing these emissions is one of the central purposes of the CCA; however, the CCA law also mandates important reductions in air pollution and criteria pollutants, especially in overburdened communities.<sup>6</sup> This is important to consider as linking carbon markets may have spillover effects on air quality in Washington as well as California and Québec. Some analysis<sup>7</sup> indicates that linkage may lower the cost of carbon credits in Washington to the degree that, in the short term, some emitters end up finding it most cost efficient to buy more credits (at a lower price than currently available) instead of making meaningful reductions in their emissions; this could in turn lead to air pollution levels remaining the same or even increasing for the near term.

In the linkage documents it has published, Ecology states that “linkage would not change or weaken the state’s laws and rules regulating local air pollutants. Linkage also does not change the provisions in the CCA aimed at reducing criteria air pollution and improving outcomes in overburdened communities highly impacted by air pollution.”<sup>8</sup> We agree with this general statement, but we also believe that finalizing the air quality rulemaking that is underway would give clarity and stronger assurance to commenters who wrote to Ecology with concern about how linkage would impact air quality in Washington. Without an actual rule to point to, it is more difficult to understand what guardrails and standards are (or will be) in place to mitigate effects of linkage on air quality in overburdened communities in Washington. This in turn may result in higher scrutiny or more pointed criticism of linkage.

The Nature Conservancy appreciates all of the work that has gone into the process of developing the Draft Linkage Agreement and hopes that these recommendations can strengthen it. It is imperative that a strong final linkage agreement is reached so that Washington, California and Québec can all move forward confidently, knowing that this step

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<sup>6</sup> [WAC 173-448 - Washington State Department of Ecology](#)

<sup>7</sup> [Considerations for Washington’s Linkage Negotiations with California and Québec](#)

<sup>8</sup> [Potential linkage of Cap-and-Invest carbon market with the joint California-Quebec carbon market \(Draft\): An Environmental Justice Assessment](#), p. 40



will improve climate, health and resilience for all of their communities and in compliance with existing laws.

Respectfully,

David Mendoza  
Director of Policy & Government Relations  
The Nature Conservancy in Washington

Maya Gillett  
Policy Analyst  
The Nature Conservancy in Washington



# Natural Resources Defense Council Comments on Proposed Washington Draft Linkage Agreement

May 6, 2026

Jo Gardias  
Climate Solutions Fellow

## Summary of Comments

The Natural Resources Defense Council (NRDC) appreciates the opportunity to provide comments on the Department of Ecology (Ecology) draft Washington-California-Québec linkage agreement. NRDC is a national environmental organization working to safeguard people and natural systems from the climate crisis and safeguard the right of clean air, water and healthy communities, with over 550,000 members.

The March 2026 draft agreement<sup>1</sup> would increase the price stability of Washington's cap-and-invest program (C&I), as established by the Climate Commitment Act, while maintaining the role of the market in reducing emissions 45 percent by 2030 and net-zero by 2050, relative to 1990 levels. Linkage may reduce long-term industry leakage risk and increase long-term market emissions reductions.

NRDC asks Ecology staff to consider one modification within the draft agreement and provides comments recommending opportunities for Washington State to improve the equity of the C&I program while mitigating uncertainties associated with linkage.

- Within the draft agreement, Ecology should include guardrails requiring any proposed offset protocol changes to be consulted among linked jurisdictions.

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<sup>1</sup> Department of Ecology, "[Agreement on the Harmonization of Market-Based Programs for Reducing Greenhouse Gas Emissions between the Gouvernement du Québec, the State of California and the State of Washington.](#)" March 2026 draft, (2026)

- Washington State should prioritize opportunities to maximize cost-effective investments of C&I funds that support an equitable transition, alongside increasing investments and regulatory tools to reduce criteria pollutants in overburdened communities.

The draft agreement includes important accounting and process clauses that will maintain linkage integrity but offset language should be strengthened.

Washington-California-Québec linkage would increase efficiency of allowance trading, resulting in more stable prices and reduced likelihood of economic leakage between jurisdictions. This added price stability could improve the predictability and durability of the program by mitigating price shocks resulting from internal market factors or exogenous factors. In the long run, this is predicted to support greater market ambition and deepen emissions reductions, which is particularly important as the cost of remaining abatement projects becomes more expensive with time, barring additional technology or policy innovation.<sup>2</sup>

The draft agreement proposes an appropriate framework to achieve these benefits. As compared to the past linkage agreement between California and Québec, draft amendments newly incorporate a requirement for jurisdictions to use and maintain similar treatment of the California-Québec emissions accounting mechanism to avoid double-counting and timely allowance adjustments. Additionally, definition of ‘offset protocol’ is relatively strengthened to exclude ‘avoided’ emissions reductions.

To better strengthen the intended integrity of offset protocols between jurisdictions, **Ecology should align offset protocol language with the 2013 California-Québec agreement.** This past agreement included an additional requirement for jurisdictions to require discussion and harmonization of offsets between programs, prior to changing their protocols.<sup>3</sup>

*“Either Party, or the Parties together, may consider making changes to their respective offset protocols, adding additional offset protocols, or changing procedures for issuing offset credits. To support the objective of maintaining the harmonization and integration of the*

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<sup>2</sup> Nicholas Roy et al., “Considerations for Washington’s Linkage Negotiations with California and Québec,” (2025). <https://www.rff.org/publications/reports/considerations-for-washingtons-linkage-negotiations-with-california-and-quebec/>

<sup>3</sup> CARB & Gouvernement du Québec, “[Between the California Air Resources Board and the Gouvernement du Québec Concerning the Harmonization and Integration of Cap-and-Trade Programs for Reducing Greenhouse Gas Emissions](#),” (2014)

*programs, any proposed changes or additions shall be discussed between the Parties. The Parties acknowledge that sufficient time is required to enable effective public review and comment prior to adoption. The Parties shall consult regarding changes or additions that may affect the harmonization and integration process or have other impacts on either Party. Each Party's public process for making program changes must be respected."*

Beyond this draft framework, it is important that Ecology maintain vigilant monitoring of the market's trajectory and price performance relative to the state's targets, after adoption. Allowing cross-market allowance trading can interact with jurisdiction's existing market design features, which may create market uncertainty that cannot be addressed within the scope of this rulemaking. While these uncertainties are sometimes unavoidable or baked in with past program decisions, Ecology's continued monitoring of market performance in future proceedings will be crucial to avoiding any unintended impacts of linkage and maintaining the ambition and equity of the C&I program. Potential future uncertainties to monitor with linkage include at minimum two issues.

- **Uncertainty with stored/banked allowance impacts.** Stored/banked allowances within C&I programs in California, Washington, and Québec create a risk to future market trajectories in line with jurisdictions climate targets.<sup>4</sup> Continued monitoring and potential future reassessment by Ecology and other regulators of the trans-jurisdictional impacts of the usage and scale of stored allowances will be important for the C&I programs to deliver the intended price signal, particularly as economies have more limited emissions reduction options and the value of stored allowances rises.
- **Industrial Assistance and Leakage.** California, Washington, and Québec all currently provide different levels of industrial assistance to facilities. Washington provides more allowances to emissions-intensive trade-exposed industries (EITEs), fully covering their proportional emissions compliance costs, as compared to 60 percent coverage in California and 99 percent coverage in Québec.<sup>5</sup> While the amount of industrial assistance and its treatment is being updated currently within California's rulemaking and within Washington, recently proposed changes may create uncertainties about the relative impacts of industrial assistance between the three jurisdictions. After linkage is enacted,

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<sup>4</sup> Nicholas Roy, Suzanne Russo & Dallas Burtraw (2025)

<sup>5</sup> CARB, "[Cap-and-Invest Program Workshop](#)," (October 2025), slide 38

Ecology should continue to monitor price impacts on EITEs to ensure an appropriate price signal and consider joint tools to mitigate linked market leakage risks, such as a carbon border adjustment mechanism.

## Opportunities remain to support an equitable, cost-effective transition, while supporting environmental justice.

Washington statute directs Ecology to prioritize opportunities for environmental health and equity when implementing linkage. The CCA requires that, prior to linkage, Ecology must find that the draft agreement will not “yield net adverse impact to either jurisdictions’ highly impacted communities or analogous communities in the aggregate, relative to the baseline level of emissions,” and ensure the distributional benefits are directed for vulnerable and overburdened communities.”<sup>6</sup> Similarly, the Healthy Environment for All (HEAL) Act requires Ecology to complete an environmental justice assessment to consider and incorporate impacts on overburdened and vulnerable communities, including opportunities to reduce or mitigate environmental health impacts on these communities.<sup>7</sup>

Although the Ecology analysis doesn’t find explicit adverse impacts to overburdened communities, uncertainties and tradeoffs with linkage remain — but this risk can likely be preempted. Ecology’s Environmental Justice Assessment finds that linkage will result in lower near-term market compliance requirements, also resulting in lower near-term proceeds.<sup>8</sup> While the report doesn’t find additional air pollution from linkage resulting in burdens on overburdened populations, there remains uncertainty on how individual facilities, and the consumer of their products, may choose to respond to the near-term price impacts. Take for example, the impact of near-term refinery price compliance on criteria air pollutants and GHG emissions resulting from vehicles. Lower gas prices are related to lower rates of electric vehicle sales. Estimates from California find that for every one cent decrease in the price of a gallon of gas, electric vehicles sales would decrease by 0.5%.<sup>9</sup> This isn’t a guaranteed outcome; gasoline prices vary greatly

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<sup>6</sup> [RCW 70A.65.210](#)

<sup>7</sup> [RCW 70A.02.020](#)

<sup>8</sup> Department of Ecology, “[Potential linkage of Cap-and-Invest carbon market with the joint California-Québec carbon market \(Draft\): An Environmental Justice Assessment \(per RCW 70A.02.060\)](#),” (2026)

<sup>9</sup> James Bushnell, Erich Muehlegger, David Rapson, “[Energy Prices and Electric Vehicle Adoption](#)” (2022).

from factors beyond compliance pass through costs, and electric vehicle uptake is also influenced by many other factors, such as electricity prices. Yet, on the margins, there remains uncertainty and tradeoffs on the price impacts on markets and sectors throughout the state. Even though the assessment identifies that covered facilities may not be the leading contributor to air pollution in certain local communities, many of the covered facilities by the market still exist within disadvantaged areas. The assessment finds that, as of March 2026, 59 covered facilities exist within 3 miles of census tracts that are ranked among the lowest for poverty in the state, and 62 facilities within three miles of census tracts that are over 80 percent people of color.<sup>10</sup> These uncertainties can be managed through continuing air quality and toxics monitoring and complementary regulations, and improving revenue distribution equity.

Ecology has taken steps to recognize and offset these potential uncertain outcomes to strengthen the program's equitable outcomes. The agency has proposed to increase the benefits from offset projects to Tribes and communities in Washington State.<sup>11</sup> Within the draft agreement, Ecology has also included language that requires linking jurisdictions to use their program proceeds "particularly for disadvantaged and overburdened communities and vulnerable populations." These inclusions, in addition to the state's ongoing air quality monitoring programs, provide a foundation for preempting and monitoring these challenges.

The other major opportunity to preempt any equity risks is through the distribution of revenues and complementary regulations. Although Ecology largely lacks authority over revenue distribution, it is important to underscore that Washington State could more equitably distribute program revenue in the legislative appropriations process that could minimize uncertainties of impacts with linkage.<sup>12</sup> Even though carbon market policies send an important critical greenhouse gas decarbonization signal that is highly likely to also reduce co-pollutants in the long run, these programs do not innately result in progressive distributional impacts, nor can they guarantee specific facility-level behavioral outcomes. However, jurisdictions can more certainly ensure an equitable transition to zero-emissions by more effectively targeting expenditures and directing efforts to increase regulatory enforcement of state Clean Air Act and complementary

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<sup>10</sup> Ibid

<sup>11</sup> Ibid

<sup>12</sup> Department of Ecology, "Potential linkage of Cap-and-Invest carbon market with the joint California-Québec carbon market (Draft): Environmental Justice Assessment (per RCW 70A.02.060)," (2026)

regulations. For example, Washington State should consider enhancing existing air pollution efforts (i.e., formalizing the air quality rulemaking), continuing community engagement on these efforts, increasing transparency of publicly available data on facility level emissions, and providing timely updates on data to the Environmental Justice Council.

While the state has taken substantial steps to improve the equity of distributing C&I revenues, **more should be done to increase the state's progress toward an equitable transition to net-zero emissions goals 2050, while also identifying opportunities to improve the state's air pollution.** Unfortunately, Washington recently passed a budget which diverts \$545 million from Climate Commitment Act revenues toward non-environmental or health-related spending. We hope that in the future, Washington will correct course by increasing guardrails around the revenues from the program, redoubling on its efforts to target funding for climate emissions and within overburdened areas (e.g., increase the dedicated percentage toward vulnerable populations, invest in programs that support investments for low-income households to participate in the GHG transition, and invest in more programs that result in cost-effective emissions reductions to scale market access).

## Conclusion

NRDC appreciates Ecology's efforts to develop a draft agreement to link Washington's cap-and-invest program with California and Québec, which would improve future market price stability, while maintaining the state's trajectory of achieving net-zero emissions by 2050. The state should also pursue additional opportunities, such as improving revenue distribution and complementary air quality regulations, to more equitably reduce climate change and air pollution.



James Verburg  
Regulatory Advisor  
ST&S – Fuel Supply and Midstream

BP Products North America Inc.  
4519 Grandview Rd.  
Blaine, WA 98230

May 6, 2026

Ms. Stephanie Potts  
Washington State Department of Ecology  
CPRP Program  
300 Desmond Dr. SE  
Lacey, WA 98503  
VIA Public Comment Portal

([https://ecology.commentinput.com/?id=dh3NgpHmA&utm\\_medium=email&utm\\_source=govdelivery](https://ecology.commentinput.com/?id=dh3NgpHmA&utm_medium=email&utm_source=govdelivery))

**Subject: Cap-and-Invest Draft Washington-California-Québec Linkage Agreement**

Dear Ms. Potts,

On behalf of bp, I am writing to provide comments on the Washington State Department of Ecology's ("Ecology") draft Washington-California-Québec linkage agreement under the Climate Commitment Act's ("CCA") Cap-and-Invest Program. We appreciate Ecology's efforts to advance linkage.

The US is at the heart of bp's strategy – we have roots that go back more than 150 years here. All bp's major businesses are active in the US, where we employ over 30,000 people and invest more than 40 percent of our capital expenditure (\$6.6b of \$16.2b globally in 2024). bp employs approximately 1,200 people in Washington, including at the Cherry Point refinery, the largest refinery in Washington, through our operation of Olympic Pipe Line Company, and at our *am/pm* and Travel Centers of America convenience and mobility outlets.

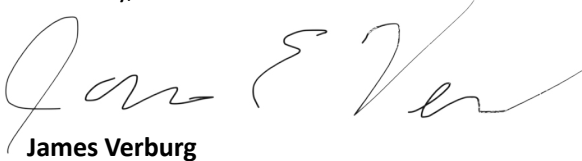
bp advocated for adoption of the CCA in 2021, and we have subsequently advocated for Ecology to make linkage a top priority in the program. We believe linkage contributes to long-term regulatory certainty and stability, which in turn encourages low-carbon investment and lowers overall decarbonization costs.

We encourage Ecology to verify that the final linkage agreement clearly provides for **full fungibility of allowances across the linked jurisdictions of Washington, California, and Québec**. Specifically, by "full fungibility" we mean that allowances from any linked jurisdiction are fully interchangeable and carry equal compliance value regardless of origin, with no jurisdiction-specific usage limits, discount factors, or other similar constraints.

Full fungibility will help create a more efficient, well-functioning carbon market with greater liquidity and market integrity across jurisdictions.

bp appreciates the opportunity to provide this feedback. Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read "James Verburg". The signature is fluid and cursive, with the first name "James" and last name "Verburg" clearly distinguishable.

**James Verburg**

**Regulatory Advisor; bp Products North America Inc.**

cc: Pamela Brady – Senior Government Affairs Manager, US West Coast; bp Products North America Inc.

Public comment provided during the April 27, 2026, Public Hearing

**Commenter: Caroline Jones, Environmental Defense Fund (EDF)**

Hi, good afternoon.

My name is Caroline Jones and I'm with Environmental Defense Fund (EDF).

EDF really appreciates the work that Washington, California and Québec have done together to advance this step towards linkage.

And we think the draft agreement demonstrates the kind of cross jurisdictional leadership on climate that is urgently needed right now.

Thank you for that.

As Ecology has demonstrated in the draft linkage findings, linkage would create a stronger, more stable and more durable program that can deliver greater emission reductions in the long term.

We'll be submitting more detailed written comments responding to the draft agreement and the draft linkage findings and the EJ assessment that were released last week.

But we really strongly support linkage and we encourage the finalization of this draft agreement.

Thank you for the chance to speak.



May 6, 2026

Washington Department of Ecology  
300 Desmond Drive SE  
Lacey, WA 98503

Dear Director Sixkiller,

On behalf of Environmental Defense Fund (EDF), we appreciate the opportunity to provide comments responding to the Draft Linkage Agreement put forward by Washington, California, and Québec on March 3, 2026, as well as on the Draft Linkage Criteria Findings and Draft Environmental Justice Assessment released by Ecology in April. EDF appreciates the work of all three jurisdictions in advancing this important step in sub-national climate leadership, and we look forward to continued engagement through the finalization of this agreement and the implementation of the steps required by each jurisdiction to operationalize linkage.

### **Executive Summary**

This draft agreement is a significant milestone in sub-national climate action. Linking the Cap-and-Invest and Cap-and-Trade programs of Washington, California, and Québec will create a combined market that is larger than Washington's standalone program, further enhancing stability by expanding the pool of cost-effective abatement opportunities available across all three jurisdictions and demonstrating that collaborative, cross-border climate leadership can be durable, transparent, and effective. Ecology's Draft Linkage Findings conclude that linking with California and Québec would meet the criteria set out in the Climate Commitment Act (CCA), and achieve the CCA's directive for the department to "seek to enter into linkage agreements with other jurisdictions with external greenhouse gas emissions trading programs"<sup>1</sup>. EDF strongly supports linkage, and we encourage the timely finalization of this linkage agreement as well as the timely completion of the steps required by each jurisdiction for linkage to be operational by November, 2027.

In this letter, we:

- I. Affirm strong support for linkage, reinforced by Ecology's Draft Findings and Environmental Justice Assessment, as a necessary next step for the growth and impact of Cap-and-Invest programs that deliver affordability and climate benefits to communities in participating jurisdictions.
- II. Support the draft agreement's inclusion of language on revenue use for investments in overburdened communities, as well as the greater specificity with regard to accounting mechanisms to prevent double counting.
- III. Suggest two areas for improvement:

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<sup>1</sup> RCW 70A.65.210 – Linkage with other jurisdictions. <https://app.leg.wa.gov/RCW/default.aspx?cite=70A.65.210&pdf=true>

- The Parties should provide greater clarity on the threshold for termination of the linkage agreement.
  - Parties should strengthen alignment on offset protocols consistent with language and precedent established in the 2013 California-Québec agreement.
- IV. Urge prompt finalization of the agreement and timely completion of all steps required by each jurisdiction to begin operating a linked market by November 2027.

**I. Linking Washington, California, and Québec’s Cap-and-Invest programs will strengthen the market, deliver durable benefits, and expand sub-national climate leadership.**

Linking the carbon markets of California, Québec, and Washington will produce a stronger, even more effective program than any of the three jurisdictions could sustain independently. The benefits of linkage are well-documented and mutually reinforcing.

*Improved market efficiency: Linkage will lower costs for Washington businesses and consumers*

A larger, more liquid carbon market is inherently more efficient and predictable. By pooling the allowance supply of three jurisdictions, a linked market expands access to lower cost abatement opportunities and can further reduce price volatility compared to a standalone program. This additional stability is important for covered entities in the program that need to make long-term decisions about emissions reductions; when businesses can plan around a predictable and durable price signal, they are better positioned to make investments in energy efficiency and decarbonization technologies that Cap-and-Invest programs are designed to incentivize. Linkage builds additional confidence in the program’s ability to deliver on the emissions reductions required to avoid the worst impacts of climate change.

For Washington covered entities, linkage is likely to result in lower compliance costs. Modeling in Ecology’s Draft Linkage Findings estimates that allowance prices in a linked market “would be significantly lower compared to the standalone scenario”<sup>2</sup>, because of the relative size of the standalone Washington program compared to the California-Québec program, including banked allowances. This is especially important for Washington, where consistently strong demand at quarterly auctions has driven prices higher since the program’s launch in 2023, including four auctions at which prices triggered the Allowance Price Containment Reserve<sup>3</sup>. While these higher prices have generated substantial revenue for community reinvestment<sup>4</sup>, the opportunity to secure greater ambition at lower cost will be important over time. Linkage would give Washington covered entities access to a larger, more stable market with even more predictable prices, enabling the long-term investment planning that effective decarbonization requires.

*Greenhouse gas emissions: Linkage will deliver greater long-term emissions reductions more cost-effectively.*

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<sup>2</sup> Washington State Department of Ecology Cap-and-Invest Linkage Criteria: Draft Findings, April 2026. <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>

<sup>3</sup> [September 2023](#), [September 2025](#), [December 2025](#), and [March 2026](#) auctions triggered the Allowance Price Containment Reserve.

<sup>4</sup> Washington state agencies have invested over \$1.5 billion in CCA revenue thus far. Department of Ecology, Cap-and-Invest auction revenue. <https://ecology.wa.gov/air-climate/climate-commitment-act/auction-revenue>

Linkage expands the pool of available emissions abatement opportunities, allowing emissions reductions to occur wherever they are most cost-effective across the linked jurisdictions. This improves the overall efficiency of the market and, combined with greater price predictability in a linked market, can empower policymakers and covered entities alike to pursue more ambitious emissions reductions targets knowing that compliance costs will remain manageable.

Modeling of linkage between Washington and California by Resources for the Future (RFF) projects that through 2045, net reductions of greenhouse gases in a linked market would exceed 50 million tons, compared to a standalone scenario<sup>5</sup>. These results translate directly into benefits for local air quality and public health, as well as for the climate. While the emissions modeling in Ecology’s Draft Linkage Findings extends only through 2030, it estimates comparable near-term greenhouse gas emissions in Washington in linked and un-linked scenarios. Further, the Draft Findings emphasize that Ecology “expects that linking will lead to greater total emissions reductions over the long term across the linked jurisdictions,”<sup>6</sup> a conclusion that RFF’s modeling substantiates. The Draft Findings also affirm Ecology’s authority to adjust annual allowance budgets as necessary to ensure that Washington’s emissions limits are met and that covered entities achieve their proportionate share of reductions in 2030, 2040, and 2050. Linkage should catalyze greater mutual ambition among linked partners, unlocking greater cost-effective emissions abatement opportunities and allowing for more rapid emissions reductions.

*Linkage builds on a proven model, scaling popular programs that deliver climate & affordability benefits.*

Linking Washington with California and Québec is a deliberate and well-grounded expansion of a model that has been operating successfully for more than a decade. California and Québec have operated a linked Cap-and-Invest market since 2014, and have demonstrated that harmonized programs can achieve emissions reductions, generate substantial public revenue, and maintain political durability across multiple election cycles and changing political contexts. Washington’s program was designed from the outset to be compatible with linkage to California and Québec; operationalizing a joint auction is the critical and natural next step for all three jurisdictions.

In addition to cutting greenhouse gas emissions, Cap-and-Invest programs deliver tangible economic benefits to the jurisdictions where they operate. Modeling from Greenline Insights finds that between 2031 and 2045, California’s Cap-and-Invest program is expected to generate 287,000 jobs, \$55 billion in economic growth, and \$232 million in net savings for California households.<sup>7</sup> Washington’s program is similarly projected to deliver meaningful affordability benefits and statewide economic growth; between 2024 and 2032, the program is expected to create 45,000 jobs and generate \$9.1 billion in economic output across the state.<sup>8</sup> With investments from these programs already delivering concrete benefits to people across both states, and projections showing that these benefits will continue to grow, making California and Washington’s Cap-and-Invest programs as durable and stable as possible is essential. Linkage

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<sup>5</sup> Roy, Russo, and Burtraw, 2025, “Considerations for Washington’s Linkage Negotiations with California and Québec” (pg. 19). [https://media.rff.org/documents/Report\\_25-05\\_Bu5rhlh.pdf](https://media.rff.org/documents/Report_25-05_Bu5rhlh.pdf)

<sup>6</sup> Washington State Department of Ecology Cap-and-Invest Linkage Criteria: Draft Findings, April 2026. <https://apps.ecology.wa.gov/publications/documents/2614020.pdf>

<sup>7</sup> Greenline Insights, Investments for California’s Future; Job and Economic Benefits of Cap-and-Trade Beyond 2030, May 2025, <https://www.greenlineinsights.com/investments-for-californias-future>.

<sup>8</sup> Greenline Insights, Climate Commitment Act; Jobs and Economic Benefits in Washington State, September 2024, <https://www.greenlineinsights.com/climate-commitment-act>

would help provide additional durability by strengthening market stability, supporting long-term investment certainty, and helping ensure that these programs continue to deliver jobs, affordability benefits, and broader economic gains for residents across participating jurisdictions.

The benefits these programs deliver have also made them demonstrably popular. In Washington, voters rejected Initiative 2117 – which would have repealed the Cap-and-Invest program – by a margin of 23 points in November 2024<sup>9</sup>, affirming broad public support for the program’s goals and the benefits it delivers. In California, Cap-and-Invest also enjoys strong support, with polls showing that voters support the program by a two-to-one margin<sup>10</sup>.

Ecology’s draft findings and Environmental Justice Assessment also recognize that, by further improving market stability and strengthening the long-term durability of each program, linkage can help Washington communities realize greater benefits over time than they would under unlinked programs. A more predictable and durable market supports greater certainty for sustained investments in resilience, pollution reduction, and underserved communities. Importantly, under this agreement, linkage does not diminish Washington’s authority to maintain its own air quality protections or other safeguards designed to protect overburdened communities. Rather, by reinforcing program durability while preserving state-level protections, linkage can help ensure that communities continue to receive long-term climate, health, and economic benefits.

Ultimately, linkage would strengthen the scalability and durability of Washington, California, and Québec’s Cap-and-Invest programs, helping ensure they remain effective over the long term. By producing an even more stable market, with an even more predictable landscape for investment, linkage can help the participating jurisdictions deliver the greatest possible climate, health, affordability, and economic benefits to the communities they serve.

## **II. The draft agreement includes meaningful improvements upon the 2013 linkage agreement that EDF supports and urges the parties to retain.**

The draft agreement is already strong and reflects meaningful improvements upon the earlier California-Québec linkage agreement. EDF commends the parties for the inclusion of the following provisions and urges their retention in the final agreement.

### *Revenue use for overburdened communities*

The draft agreement articulates shared priorities for the use of revenues generated across the linked jurisdictions. The parties’ shared commitment to managing climate change impacts, investing in clean transportation and the clean energy transition, and improving public health, quality of life, and economic opportunity “particularly for disadvantaged and overburdened

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<sup>9</sup> BallotPedia: Washington Initiative 2117, Prohibit Carbon Tax Credit Trading and Repeal Carbon Cap-and-Invest Program Measure (2024).

[https://ballotpedia.org/Washington\\_Initiative\\_2117,\\_Prohibit\\_Carbon\\_Tax\\_Credit\\_Trading\\_and\\_Repeal\\_Carbon\\_Cap-and-Invest\\_Program\\_Measure\\_\(2024\)](https://ballotpedia.org/Washington_Initiative_2117,_Prohibit_Carbon_Tax_Credit_Trading_and_Repeal_Carbon_Cap-and-Invest_Program_Measure_(2024))

<sup>10</sup> Global Strategy Group, New Poll Shows Vast Majority of California Voters Want More Done to Combat Climate Change and Help Address the State’s Affordability Challenges (February 18, 2026). <https://library.edf.org/asset-management/286XC5KXEKJB?&WS=AssetManagement&Flat=FP>

communities and vulnerable populations”<sup>11</sup> represents important alignment among the jurisdictions and a noteworthy improvement upon the 2013 California-Québec agreement. This language meaningfully addresses the “Invest” dimension of Cap-and-Invest, clarifying that program revenues are a core mechanism for delivering equitable benefits to the communities most affected by pollution and climate change. Revenue allocation and impactful investment are also critical to the continued public and political support of Cap-and-Invest programs, and making these commitments explicitly in the linkage agreement strengthens the accountability of all three parties to honor them. EDF strongly supports the retention of this language in the final linkage agreement.

### *Accounting Mechanisms to Prevent Double Counting*

EDF also supports the parties’ decision to apply the accounting mechanism adopted by California and Quebec in 2022 to “avoid the double counting or double claiming of emission reductions”<sup>12</sup> between the jurisdictions. The transparency and specificity of these provisions are critical to the integrity of the agreement and of each individual program. The inclusion of a clearly outlined accounting adjustment mechanism underscores the parties’ commitment to data-driven, attributable emissions accounting and gives market participants and the public confidence that reductions are real and verifiable. EDF urges the parties to retain these provisions in the final agreement.

### **III. EDF recommends two areas where greater clarity in the final agreement would strengthen its integrity and durability.**

- a. The threshold for termination of the linkage agreement should be more specifically defined.

The draft agreement acknowledges the purpose and necessity of a termination provision, an important safeguard for market integrity which ensures that the linked market has a clear mechanism to respond if a participating jurisdiction’s behavior jeopardizes the functioning of the combined market. However, further clarification on the threshold for termination of the agreement would strengthen the final agreement.

Currently, this threshold is defined as a standard of behavior that “may adversely impact the integrity and functioning of the market.”<sup>13</sup> This standard is ambiguous in ways that could themselves become a source of market uncertainty: covered entities and market participants need to understand what kinds of actions or regulatory failures could put the continuity of the linked market at risk. A pre-defined threshold is both fairer to market participants and more likely to function as an effective deterrent against integrity-threatening behavior. The final agreement would be strengthened by the inclusion of specific and defined criteria for what would constitute sufficiently problematic behavior to trigger termination.

- b. Offset protocols should align with the language and precedent of the 2013 California-Québec linkage agreement

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<sup>11</sup> Agreement on the Harmonization of Market-Based Programs for Reducing Greenhouse Gas Emissions Between the Gouvernement du Québec, the State of California, and the State of Washington, Draft, March 2026 (pg. 3) <https://apps.ecology.wa.gov/publications/documents/2614018.pdf>

<sup>12</sup> Id. (Pg. 12)

<sup>13</sup> Id. (pg. 16)

Offsets play an important role in all three programs, and in Washington's program in particular, offset eligibility and protocol development have been an important feature of program design. Ensuring the final linkage agreement between the three jurisdictions preserves consistency with established offset protocols would protect the integrity of offset use across the linked market, and provide a clear framework for resolving any questions about offset eligibility that may arise as the three programs operate together.

To the extent the parties prefer to maintain flexibility on offset protocols rather than prescribing specific requirements in the agreement itself, EDF recommends that the final agreement include a commitment to a consultative process for aligning offset standards across the three jurisdictions.

#### **IV. EDF urges prompt finalization of the agreement and timely completion of all required steps.**

EDF urges Ecology, CARB, and the Gouvernement du Québec to prioritize the finalization of this agreement and to complete the steps required by each individual jurisdiction as expeditiously as possible. The benefits of linkage – lower compliance costs, greater market stability, and more cost-effective emissions reductions – are available only once the linked market is operational. The jurisdictions should prioritize finalizing all necessary steps so that linkage can be operational by November 2027.

#### **Conclusion**

The draft linkage agreement between Washington, California, and Québec represents a significant and well-grounded step forward for sub-national climate action. Ecology's analysis confirms that linkage meets the CCA's statutory criteria, and the extensive engagement process that produced this draft reflects the seriousness with which all three jurisdictions have approached this decision. EDF supports this agreement and the prompt finalization of all steps required to bring a linked market into operation.

At a moment when federal climate leadership has retreated and the urgency of emissions reductions continues to grow, California, Québec, and Washington have an opportunity to demonstrate that ambitious, collaborative, market-based climate policy can endure and expand. We urge the parties to seize that opportunity by finalizing this agreement promptly and moving forward together toward a linked market that delivers for the climate, for households, and for the communities that have borne the greatest burden of pollution across all three jurisdictions. We appreciate the opportunity to provide these comments and look forward to continued engagement through the finalization and implementation of this agreement.

Sincerely,

Caroline Jones  
Manager, Energy Transition & Carbon Markets  
Environmental Defense Fund

Nora Goodman  
High Meadows Fellow, State Climate Policy  
Environmental Defense Fund



May 6, 2026

Stephanie Potts  
Cap-and-Invest Program Linkage Planner  
Department of Ecology  
State of Washington  
P.O. Box 47600  
Olympia, WA 98504-7600

*Re: Cap-and-Invest Comments on draft Washington-California-Québec linkage agreement, draft Linkage Criteria Findings, and draft Environmental Justice Assessment*

Dear Stephanie Potts:

Washington Conservation Action appreciates the opportunity to provide comments on the linkage documents that have been shared for public review. Washington Conservation Action (WCA), formerly Washington Environmental Council, has been a leading policy voice for the environment in our state for nearly 60 years. We develop, advocate, and defend policies that advance environmental progress and justice.

WCA supported passage of the Climate Commitment Act in 2021; defended the law from repeal in 2024; has engaged in its implementation through ongoing rulemakings and public processes; and has advocated in the legislature for numerous updates to strengthen the program. We are committed to helping build a state policy framework to achieve Washington's greenhouse gas emissions limits, and the cap-and-invest program in an important element of this framework.

Linking Washington's carbon market with California-Québec will likely have significant consequences for the cap-and-invest program's effectiveness, ongoing viability, and revenue generation. It may also have important implications for carbon markets on a national and international scale. Ecology's draft Linkage Criteria Findings and Environmental Justice Assessment consider many factors that will influence the outcomes of linkage. To do this, Ecology relied on the expertise of agency staff and contracted with independent parties, including the University of California, Western Washington University, and Monitoring Analytics.

These numerous efforts have led the agency to the conclusion that, in spite of

considerable uncertainty and inevitable tradeoffs regarding affordability, revenue generation, and near-term emission impacts, linking Washington with the California-Québec market will lead to the most stable program and deliver long-term emission reductions. This conclusion is consistent with the agency's position and efforts over the past five years since passage of the Climate Commitment Act, and the documents shared for public comment outline the Ecology's reasons for this conclusion. The draft linkage agreement is aligned with this determination and outlines a responsible approach to moving toward the identified goals.

At the same time, there are concerns raised in the draft documents that cannot be resolved at this time, such as whether projected short-term emissions increases after linkage will in fact be followed by longer-term emissions decreases attributable to the cap-and-invest program. The impacts of reduced program revenue, particularly for Tribal Nations and in overburdened communities, is also unknown. The draft documents make the case that the anticipated benefits of linkage, particularly lower compliance costs and the likelihood of a more predictable and politically durable program, make linkage worth the risks. However, as Ecology continues to pursue linkage, and likely enters a linked market in the near future, we urge the agency to continue assessing impacts to Tribal Nations and overburdened communities and whether linkage is serving the goal of reducing greenhouse gas emissions, both in Washington and globally. Alongside this assessment, we urge Ecology to continue pursuing the necessary tools and adapting the program to ensure it is in the strongest position to support an equitable and timely clean energy transition.

We respect and share Ecology's commitment to realizing just and effective outcomes from our state's environmental laws, including the Climate Commitment Act, and look forward to continued work to advance climate progress in Washington and beyond.

Sincerely,

Caitlin Krenn  
Climate & Clean Energy Director  
Washington Conservation Action

Washington Department of Ecology  
300 Desmond Drive SE  
Lacey, WA 98504 USA

6 May 2026

**Re: Draft Agreement on the Harmonization of Market-Based Programs for Reducing Greenhouse Gas Emissions**

Dear Director Sixkiller, Ms. Stephanie Potts, and Washington State Department of Ecology Staff,

1. New Forests appreciates the opportunity to provide comments on the draft *Agreement on the Harmonization of Market-Based Programs for Reducing Greenhouse Gas Emissions* between Québec, California, and Washington State (the “Draft Agreement”). New Forests is a global natural capital investment manager with extensive experience participating in compliance carbon markets, including long-standing engagement in California’s forest offset program since its inception. Drawing on this experience, we acknowledge Washington State’s objective of linking its Cap-and-Invest Program with California and Québec and the potential for such linkage to influence market liquidity, cost containment, and environmental integrity.
2. Successful linkage may benefit from not only the procedural mechanics of joint auctions and registries, but also credible and durable harmonization of core program design elements, including the treatment of offsets as compliance instruments. While the Draft Agreement appropriately preserves each jurisdiction’s regulatory sovereignty, effective harmonization may also be supported by a shared understanding of where divergence is acceptable and where sustained divergence may affect the practical interpretation of interchangeability and the predictability of compliance instrument use within a linked system.
3. New Forests’ comments, therefore, focus on offset-related harmonization considerations within the scope of the Draft Agreement, including the compatibility and interchangeability of compliance instruments and the potential implications of divergence in offset treatment for the Draft Agreement’s stated goals. These observations are provided for purposes of identifying implementation considerations within the scope of the Draft Agreement and are not intended to assess the legality or outcomes of any future jurisdictional rulemaking.

## Harmonization Framework and Regulatory Sovereignty

4. The Draft Agreement appropriately frames harmonization as a condition to enable compatibility, equivalence, and interchangeability of market-based programs while preserving the sovereign regulatory authority of Québec, California, and Washington State. Section 1 articulates an objective of achieving regulatory compatibility sufficient to permit the mutual recognition and transferability of compliance instruments, including offsets, while Sections 14 and 23 expressly confirm that the Draft Agreement does not constrain or predetermine future domestic rulemaking. This approach reflects a balance between enabling linkage and preserving jurisdictional authority.
5. The Draft Agreement reflects an intent to maintain regulatory sovereignty while supporting the operation of a linked market. Sections 3, 4, and 12 commit the Parties to regular consultation, information sharing, and joint consideration of program differences, including identification of elements that may require harmonization over time. These provisions acknowledge that

**New Forests Inc.**

580 California St., Office 1210, San Francisco, CA 94104  
+1 415 321 3300 | [www.newforests.com](http://www.newforests.com)

harmonization is not static and that differences in program design may emerge as each jurisdiction responds to evolving policy objectives, legal mandates, and scientific understanding.

6. Regulatory cadence in the context of harmonization across linked jurisdictions may influence expectations regarding potential market stability, risk assessment, and price formation. Aligning compliance periods, auction schedules, cost-containment mechanisms, and reserve design may support market stability and predictability in a linked system. By contrast, asynchronous regulatory changes, or divergent trajectories in core design elements, may introduce uncertainty that could be reflected in market outcomes, including pricing dynamics within joint auctions. The Draft Agreement recognizes this dynamic by emphasizing consultation prior to program changes and by encouraging sufficient time for public review and coordination.
7. New Forests considers the harmonization provisions of the Draft Agreement as both procedural safeguards and acknowledgements to collaboratively manage regulatory evolution. This may be particularly important for elements that, while formally jurisdiction-specific, are commonly understood to have potential cross-border price and supply consequences in a linked market. Offsets are an example of such elements.

## Offset Treatment and Harmonization Considerations

8. Offsets are expressly included within the Draft Agreement's definition of compliance instruments and are recognized in Section 5 as subject to environmental integrity attributes including permanence, enforceability, and verifiability. The functional role of offsets in a linked system may also be shaped by program structure, administration, and adjustments over time.
9. Washington State's Cap-and-Invest Program has adopted, and continues to develop, features for offsets that differ from California's and Québec's programs in certain design elements, including aspects of implementation and administration. The cumulative impact of evolving offset design choices may be particularly important for regulatory predictability, administrative feasibility, and market participation. Forest offset projects involve long development timelines, substantial upfront costs, and multi-decade permanence obligations. Project feasibility and credit pricing may be influenced by the clarity and stability of the applicable regulatory framework. Differences in implementation timing and mechanics underscore the importance of sustained coordination.
10. Where offset programs diverge in baseline construction, leakage treatment, buffer pool dynamics, or administrative discretion, those differences may influence how offsets are perceived and valued across jurisdictions in a linked market. Across several design elements, Washington State's proposed updates to its U.S. Forest Offset Protocol may reflect structural differences relative to the framework implemented under California's 2015 U.S. Forest Projects Protocol.
11. Differences in approach to forestry offsets may have implications for harmonization, market expectations, and the functional interchangeability of offsets in a linked program. In a system in which joint auctions may result in shared pricing outcomes, offset treatment in each jurisdiction may influence shared outcomes. Jurisdiction-specific eligibility or designation requirements may influence expectations regarding offset demand and supply in ways that interact with allowance scarcity and price expectations for all participants.
12. Administrability and predictability influence offset supply, particularly for forest projects. Increased methodological complexity, more frequent recalibration of design, or greater reliance on discretionary updates may increase development risk and could affect participation. In a linked market, such outcomes may have broader effects, including potential effects on offset availability and the balance between offsets and allowances in compliance strategies. These potential risks may be amplified where different jurisdictions pursue divergent regulatory trajectories without a shared framework for assessing equivalence or managing cumulative impacts.

## Conclusion

13. New Forests recognizes the Draft Agreement as a necessary and constructive foundation for linking Washington State's Cap-and-Invest Program with California and Québec. To support the objectives of the Draft Agreement, particularly with respect to offset credits as compliance instruments, New Forests respectfully submits that

directional consistency in offset treatment may support consistent interpretation of compliance instrument use and reduce the potential for unintended market effects. To support implementation, consideration could be given to establishing a structured process for assessing equivalence of offset program elements over time. New Forests appreciates the opportunity to provide these comments and remains available to engage further as Québec, California, and Washington State advance this important initiative.

Yours sincerely,



Justin Meier  
Assistant Director & U.S. Fund Lead, New Forests



Will Collier  
Policy & Advocacy Lead, New Forests