PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (October 2017)
(Implements RCW 34.05.310)
Do **NOT** use for expedited rule making

Agency: Department of Ecology AO #24-02

Subject of possible rule making: Ecology is considering amendments to Chapter 173-446 WAC and Chapter 173-441 WAC that would facilitate the option of linking Washington's carbon market with the California-Québec carbon market, and to make related changes to these chapters necessary for linkage.

Statutes authorizing the agency to adopt rules on this subject: Chapter 70A.65 RCW (Greenhouse Gas Emissions—Cap and Invest Program), as amended, & RCW 70A.15.2200, as amended

Reasons why rules on this subject may be needed and what they might accomplish: As required by the Climate Commitment Act (CCA), Ecology is investigating the option of linking Washington's Cap-and-Invest Program carbon market with the California-Québec carbon market. In a linked Cap-and-Invest Program, Washington's carbon market would combine with the joint California-Québec market to create a single shared market with joint allowance auctions and a common allowance price across all jurisdictions. Allowances could be traded across jurisdictions and used to cover emissions in any of the three jurisdictions. As part of this effort, the Legislature passed legislation in 2024 modifying the CCA in ways that facilitate linkage (Engrossed Second Substitute Senate Bill 6058). This rulemaking is needed to modify Chapter 173-446 WAC and Chapter 173-441 WAC to implement these legislative changes as well as to make other changes to these rules necessary to facilitate linkage. These rule changes do not constitute linkage, nor do they require linkage or do anything that would make linkage inevitable. Additional steps would be needed, outside of the Washington rulemaking process, to establish linkage, including signing on to a linkage agreement.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: none

Process for developing new rule (check all that apply):
- ☐ Negotiated rule making
- ☐ Pilot rule making
- ☐ Agency study
- ☒ Other (describe) Ecology will follow the standard process for the adoption of rules under the Administrative Procedure Act (Chapter 34.05 RCW).

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:

	(If necessary)
Name: Nikki Harris	Name:
Address: Department of Ecology Climate Pollution Reduction Program P.O. Box 47600 Olympia, WA 98504-7600	Address:
Phone: 360-764-6018	Phone:
Fax: N/A	Fax:
TTY: For Washington Relay Service or TTY call 711 or 877-833-6341.	TTY:
Email: CCALinkage@ecy.wa.gov	Email:
Web site: https://ecology.wa.gov/regulations-permits/laws-rules-rulemaking/rulemaking/WAC-173-441-446-Linkage	Web site:

Other: N/A	Other:

Additional comments: Interested parties can stay informed about the rulemaking and public involvement opportunities as described above. Ecology will extend an offer for government-to-government consultation with Tribal governments during each phase of rule development.

Ecology will conduct an Environmental Justice Assessment in accordance with RCW 70A.02.060 as a part of this rulemaking.

	Signature:
Date: April 11, 2024	
Name: Joel Creswell	
Title: Climate Pollution Reduction Program Manager	