

September 2, 2026

Governor Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814

Dear Governor Newsom,

Pursuant to Government Code section 12894, subdivision (f), this letter provides notice that the California Air Resources Board (CARB) will be proposing to link its greenhouse gas emissions trading program (Cap-and-Invest Program, formerly Cap-and-Trade Program) with the Cap-and-Invest Program developed by the State of Washington and requests that you consider and make the findings necessary to support the linkage.

Climate change is one of the most serious environmental threats facing humankind, and California is already feeling its effects, from more intense wildfires to longer droughts to more severe storms, with increasing impacts to the economy and affordability. Through the Global Warming Solutions Act of 2006 (Assembly Bill (AB) 32 (Nunez), Chapter 32, Statutes of 2006), the Legislature and Governor Schwarzenegger directed CARB to consult with other states on the development of integrated regional, national, and international greenhouse gas (GHG) reduction programs. In September 2025, the Legislature adopted and you signed AB 1207 (Irwin, Chapter 117, Statutes of 2025), which reaffirmed the role of the Cap-and-Invest Program in supporting progress toward California's 2030 and 2045 GHG emissions reduction targets. California and the Province of Québec have successfully operated linked emissions trading programs since 2014. Additionally, in 2018, California and Québec linked their programs with the Province of Ontario for the first half of 2018.

Before linkage with Québec and Ontario, Governor Brown made the following findings as required by Senate Bill (SB) 1018 (Committee on Budget and Fiscal Review, Chapter 39, Statutes of 2012) in Government Code section 12894, subdivision (f):

1. The jurisdiction with which the state agency proposes to link has adopted program requirements for GHG reductions, including, but not limited to, requirements for offsets, that are equivalent to or stricter than those required by Division 25.5 (commencing with Section 38500) of the Health and Safety Code.
2. Under the proposed linkage, the State of California is able to enforce Division 25.5 (commencing with Section 38500) of the Health and Safety Code and related statutes, against any entity subject to regulation under those statutes, and against any entity located within the linking jurisdiction, to the maximum extent permitted under the United States and California Constitutions.

3. The proposed linkage provides for enforcement of applicable laws by the state agency or by the linking jurisdiction of program requirements that are equivalent to or stricter than those required by Division 25.5 (commencing with Section 38500) of the Health and Safety Code.
4. The proposed linkage and any related participation of the State of California in Western Climate Initiative, Incorporated, shall not impose any significant liability on the state or any state agency for any failure associated with the linkage.

Linkage is expected to realize benefits for California. Linking the California and Washington programs will further enhance the ability of our jurisdictions to effectively work together to develop and implement cost-effective regional GHG emission reduction programs. Like California's prior linkage with Québec, linking with Washington is another important step to strengthen California's economy by driving investment and innovation.

I am pleased to report that the California and Washington regulations include many identical features to ensure the efficacy of the emissions cap and to facilitate fair and equitable access to an efficient market for compliance instruments, once Washington's latest rulemaking is completed later this month. Over the last few years, CARB and Washington Department of Ecology staff have conducted comparisons of the respective regulations and supporting programs to harmonize them as needed to ensure the environmental integrity and compatibility of the programs.

After sustained discussions, officials from California, Québec, and Washington also signed a linkage agreement¹ on June 25, 2026, an initial step toward linking their carbon markets. The linkage agreement defines how California, Québec, and Washington will work together with the objective of ensuring the programs remain harmonized, while each jurisdiction retains full authority over its own regulations.

Our analysis of the two programs in terms of the four required findings under SB 1018 is set forth in the "Discussion of Findings Required by Government Code Section 12894," included as an enclosure to this letter.

Based on our analysis, we believe the linkage proposal satisfies the four findings enumerated in Section 12894(f). In short, Washington's program is equivalent to California's. If linked, both programs will remain fully enforceable. Finally, linking the programs will not impose liability on California as contemplated by subdivision (f)(4) of Section 12894. If your findings affirm our assessment, CARB would plan to undertake a formal rulemaking process that would amend the Cap-and-Invest Regulation to include linkage with Washington.

¹ [*Agreement on the Harmonization of Carbon Market Programs for Reducing Greenhouse Gas Emissions*](#) (June 2026).

SB 1018 affords the Governor 45 days following a request by CARB to make the findings and provide them to the Legislature, and also indicates that the Governor shall rely on advice from the Attorney General within that 45-day time period. CARB's request letter, the SB 1018 findings discussion document, the Governor's response, and other supporting materials would be made available for a formal public comment period as part of the administrative record for a future CARB rulemaking for the Cap-and-Invest Regulation linkage amendments, should you make the SB 1018 findings. If your findings affirm our assessment and the Board approves the linkage amendments, CARB will work toward regulatory amendments to link with Washington. We, along with Washington, are committed to ensuring that all of the necessary systems have been tested and are ready prior to holding any joint auction.

We request that you complete your assessment and issue findings once Washington completes its pending rulemaking later this month. If you have any questions, please contact me at (279) 208-7759 or Lauren.Sanchez@arb.ca.gov, or CARB's Executive Officer, Dr. Steven Cliff at (279) 208-7189 or Steven.Cliff@arb.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Lauren Sanchez", written in a cursive style.

Lauren Sanchez, Chair
California Air Resources Board