Ms. Rajinder Sahota

California Air Resources Board May 3, 2016

1001 I Street

Sacramento, CA 95814

Submitted electronically via: [www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm](http://www.arb.ca.gov/cc/capandtrade/meetings/meetings.htm)

**RE: Public Workshop on Potential Linkage with Ontario**

Dear Ms. Sahota,

Thank you for this opportunity to comment on the presentation pertaining to the potential linkage with Ontario, Canada. EDF supports ARB moving forward with the process to consider linkage with Ontario.

EDF believes that linkage can promote and strengthen ambitious climate objectives when entered into with well suited partners.

Linkage has several potential benefits. By expanding the size of a carbon market, linkage has the potential to lower aggregate compliance costs, increase liquidity, and improve price predictability. There are also administrative benefits for governments in working together. Ontario is benefiting from the work California and Quebec have done to design successful carbon markets and all participants can share the costs of administering auctions and other functions that WCI, Inc. serves. Linkages like the ones California is exploring are also critical proof points that bottom up climate efforts can drive global action. Ontario, Quebec, and California can achieve more together than they can apart and can support and keep one another accountable for ambitious climate commitments.

The question of which programs are well suited to link formally with California’s is a complex question that could have an evolving answer. We support ARB’s efforts to address this question in the context of Acre’s forest sector where a comparison and consideration of complementarity between California’s program and Acre’s requires considerable thought and analysis. This work is important and has the potential to have a major positive impact on the global understanding of what is possible through linkage especially between developed and developing countries. However, in the case of Ontario the comparison is relatively straightforward. Ontario was a participant in the Western Climate Initiative process and has modeled its cap-and-trade program closely after California and Quebec’s. We also note that Ontario is considering Bill 172, a companion bill to the cap-and-trade program that would set long-term climate targets in statute and require auction proceeds in Ontario to be reinvested for GHG reductions. The linkage with Quebec provide an important model for the work needed to link. We support California moving forward with the next steps on linkage with Ontario which include program review by staff and alignment and findings including on stringency based on SB 1018. Based on the similarities and ambition of all jurisdictions involved (California, Quebec, and Ontario) it seems likely that California will be able to welcome Ontario into WCI, Inc. platform and market.

It is gratifying to see the Western Climate Initiative continue to bear fruit. We look forward to continuing to see the linkage process move forward.

Sincerely,

Erica Morehouse

