

May 6, 2008

The Honorable Barbara Boxer
Chairman
Environment and Public Works
Committee
United States Senate
Washington, DC 20510

The Honorable James Inhofe
Ranking Member
Environment and Public Works
Committee
United States Senate
Washington, DC 20510

Dear Chairman Boxer and Ranking Member Inhofe:

We appreciate the committee's recognition that agriculture can play a significant role through a voluntary non-regulatory approach in addressing climate change through sequestering carbon on agricultural lands, as well as capturing emissions from livestock facilities that are able to capture and mitigate greenhouse gas emissions from stored manure facilities and through maximizing the use of manure as renewable energy resource in crop production. As the Senate prepares for floor consideration of *S. 2191, America's Climate Security Act of 2007*, we wish to highlight several issues that agriculture will be evaluating as greenhouse gas cap and trade legislation is considered.

In the near term, carbon sequestration projects on agricultural lands are the easiest and most readily available means of reducing greenhouse gas emissions on a meaningful scale. The United States Environmental Protection Agency (EPA) estimates that agricultural and forestry lands can sequester 20 percent of all annual greenhouse gas emissions in the United States. It is estimated that carbon sequestration on agricultural lands currently offset approximately 1 percent of all U.S. greenhouse gas emissions.

In addition, while currently costly, methane emissions from stored and/or treated manure in some livestock operations can be captured and transformed into biogas, providing a local source of renewable energy and high value fertilizer, further reducing greenhouse gas emissions and dependence on foreign sources of energy. Furthermore, the simple substitution of animal manure for commercial fertilizer as a nutrient source for crop production saves energy and results in a net reduction in greenhouse gas emissions. This represents a practical and straightforward method to offset greenhouse gas emissions and should be provided for as such in the legislation.

Agriculture can play an important role in helping the United States address climate change through storing carbon on agricultural lands as well as capturing greenhouse gases on livestock facilities. The extent of benefits to agriculture hinge upon the legislative details to be resolved surrounding a cap-and-trade system, mitigation requirements, and the functioning of relative credit markets.

Given these opportunities, we want to work with you to ensure that any voluntary agricultural offset program is crafted in a manner that will maximize agriculture's participation and ensure maximum greenhouse gas reductions.

Role of USDA

We believe the United States Department of Agriculture (USDA) has both the institutional resources as well as the technical expertise necessary to effectively administer any offset allowance program. Through the Natural Resources Conservation Service and the Farm Service Agency, USDA has a track record of working with farmers as well as studying and modeling carbon sequestration on agricultural lands. S. 2191 gives USDA authority to administer the emission allowance program in the bill. We believe USDA should be given similar authority over the offset allowance program. Additionally, S.2191 currently establishes an Adaptation Fund to mitigate the impacts of climate change on plants, fish and wildlife, and their habitats. USDA, through the NRCS, should be included in these adaptation efforts.

Eliminate Artificial Cap on Use of Domestic Offset Allowances

Current estimates predict that agricultural and forestry lands can help reduce up to 20 percent of all U.S. greenhouse gas emissions. Therefore, we believe it is unwise and market-distorting to cap at 15 percent the number of domestic offset allowances a covered entity can use to meet its yearly obligation. Our goal should be to remove as much greenhouse gas from the atmosphere as possible. This cap could prevent legitimate carbon sequestration and livestock methane capture projects from occurring. At a minimum, the cap on domestic offsets should be raised significantly to ensure all domestic offset projects on agricultural lands qualify. In addition, to ensure that both agriculture and forestry have a role to play in providing domestic offsets, we urge you to consider separate caps for agriculture and forestry projects.

Establishing Carbon Sequestration Rates

It is scientifically proven that agricultural soils sequester carbon. In fact, extremely accurate technologies are available to measure soil carbon content. While extremely accurate, they are costly and time consuming. That said, strides are being made every day to refine measurement and verification of soil carbon sequestration to make it less cumbersome and costly. USDA continues to develop carbon modeling tools such as the Carbon Management Evaluation Tool - Voluntary Reporting (COMET-VR) that are designed to determine changes in soil carbon sequestration. USDA's efforts are peer-reviewed and have been verified through core sampling on individual parcels of land. While further refinements must be made, we believe a properly constructed science-based model that includes statistically relevant random field assessments will help maximize agriculture's carbon sequestration potential. We believe Congress should expand the role of USDA in developing an effective modeling program to measure carbon sequestration on farms.

Further, we are concerned that the issues of additionality, leakage, and permanence could artificially reduce the actual value of carbon offsets and thereby decrease the amount of greenhouse gases that are removed from the air. We look forward to working

with you to develop science-based solutions to these issues to ensure maximum greenhouse gas reductions.

Recognizing Early Actors

Agriculture is always evolving. As technologies improve, farmers are converting to alternative tillage practices such as no-till or ridge-till. They are reducing fertilizer rates. Some livestock producers are able to use methane digesters and invest in covers for manure storage or treatment facilities. Producers that have taken these steps should not be disadvantaged by being excluded. S. 2191 currently allows regulated facilities that have undertaken greenhouse gas emission reduction activities since January 1, 1994, to be rewarded through the emission allowance program. We believe early adopters in agriculture should be similarly recognized.

Stackable Credits

Many of the practices undertaken to reduce greenhouse gas emissions will provide additional public benefits, such as clean water, wildlife habitat, and reduced soil erosion. We urge you to ensure that projects participating in a greenhouse gas offset market are not excluded from also participating in other markets for environmental services that currently exist or may arise in the future. Allowing producers to “stack” credits will maximize the economic viability of carbon sequestration and manure management projects, ensuring more projects are undertaken and synergies with other environmental priorities are developed.

Conclusion

We appreciate your consideration of these issues and look forward to working with you on this important legislation.

Sincerely,

National Corn Growers Association
National Farmers Union
American Farm Bureau Federation
American Soybean Association
National Association of Wheat Growers
National Pork Producers Council
National Cattlemen’s Beef Association
National Milk Producers Federation
National Council of Farmer Cooperatives
National Association of Conservation Districts
American Farmland Trust
Georgia Pecan Growers Association
United Egg Producers