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February 28, 2003

Global Change Program Office  
United States Department of Agriculture  
Room 112- A, J. L. Whitten Building  
1400 Independence Ave, NW  
Washington, DC 20250- 3814

(Also submitted by e-mail to [ghgcomments@oce.usda.gov](mailto:ghgcomments@oce.usda.gov))

Dear Sir or Madam:

Thank you for the opportunity to comment on the topic of accounting rules and guidelines for reporting greenhouse gas emissions and sequestration in agriculture and forestry. On behalf of the members of our organizations we respectfully submit these comments and look forward to working with you and Congress in designing an effective system for accurately and comprehensively tracking global warming pollution and making that information available to the public.

The United States is functioning in the absence of a fully articulated climate policy. Without such a policy, government-certified “transferable credits” are premature.

Voluntary, bilateral transactions under which buyers undertake a ton-by-ton evaluation of their purchases are the norm today, and will continue to be the norm in the absence of a fully articulated climate policy. The market reflects wide variation in the quality and, logically, the price, of tons transacted; because parties are not bound by minimum standards of quality, buyers, in essence, “get what they pay for.”

*In this market, we believe the most productive function of a voluntary reporting system is to foster transparency and quality of information regarding individual projects and transactions. Ideally, the voluntary reporting system will generate information critically needed by buyers and policymakers today, and by future regulators who may be in a position to award credit for “early action.” With these goals in mind, we recommend that the voluntary reporting system embrace the following principles:*

*Organization and Geographic Boundaries*

Entity-wide reporting is an optimal approach, because it reduces potential leakage and “cherry-picking” of projects. The scope of reporting must be fully transparent and sufficient to inform future buyers or regulators. However, in some circumstances, additional information beyond entity-wide data may still be necessary to fully assess leakage, develop baselines, and meet other reporting needs.

*Project Activities: Minimum Size*

Reported reductions or sequestration should not be subject to size requirements. Aggregation of smaller projects should be encouraged.

*Eligible Project Activities:*

Eligible project activities should include: cropland and grazing land management, manure methane reductions, nutrient management, biofuels, windbreaks/shelterbreaks, and riparian area restoration/maintenance, forest restoration, reforestation, extended timber rotations, uneven tree age management, forest protection, and the creation of no-harvest forest reserves.

*Project Activities: International v. Domestic*

Reporting from international projects should be permitted as long as it can be clearly demonstrated that those reductions are not used for compliance in other trading systems or to meet other regulatory commitments.

*Measurement and Accounting Methods*

All measurement and accounting protocols should be fully disclosed and should carry an uncertainty estimate.

*Baselines and Base Years*

The choice of appropriate baseline is related to the activity undertaken. All baseline selection and calculations should be fully transparent. In the context of project-based reporting a baseline is as a reference scenario to show when net climate benefits have occurred as a result of the project. The baseline must therefore credibly represent conditions in the absence of the project activity, in order to demonstrate when real incremental emission reductions or sequestration has occurred. Only in some cases will conditions in a historical base year adequately represent a project baseline.

*Permanence*

The voluntary reporting system should reflect all measures taken by reporting entities to assess and mitigate permanence issues, and should report any subsequent loss of reported sequestration.

*Leakage*

The voluntary reporting system should reflect all measures taken by reporting entities to assess and mitigate leakage. Reporting guidelines should not limit leakage assessment to any fixed distance from the project.

*Verification*

Frequency of verification depends greatly upon the type of activity undertaken. Verification protocols should be transparent, and maintenance of verification records should be mandatory. Independent verification, or lack thereof, should be disclosed.

Transparency of reported information is critical for accountability of the reporting system. All emissions data and information and analysis provided to demonstrate compliance with reporting criteria must be publicly available, while reasonably protecting confidential business information. In any future program that certifies credits for emission reduction, reports should be made

available for public comment prior to certification to facilitate meaningful third party review, and procedures should be established to provide meaningful response to public comment.

*Prior Year Reports*

Entities that reported to the 1605(b) system should be eligible to update prior year reports to meet new guidelines. All data gaps should be fully transparent.

*Revisions to Accounting Rules and Guidelines*

USDA should, every five years, propose revisions to the accounting rules and guidelines, to take account of new science, practical experience, and best accepted carbon accounting methodologies, following public notice opportunity for comment.