National Association of Conservation Districts
Comments
USDA ACCOUNTING RULES AND GUIDELINES PUBLIC MEETING FOR AGRICULTURE
January 15, 2003

The National Association of Conservation Districts (NACD) is pleased to have the opportunity to offer comments on the USDA Voluntary Greenhouse Gas Reporting Program (VGGRP). NACD represents 3,000 conservation districts whose collective jurisdictions cover most of the United States and its territories. The mission of every conservation district is to protect the natural resources of its jurisdiction by serving as a local gateway through which technical and financial assistance is made available to private landowners to provide conservation planning and installation of conservation practices.

For the last ten years, we have provided on-going information to our members and partners about the opportunities for agriculture to play a positive role in greenhouse gas reduction and mitigation through carbon sequestration, methane capture, improved grazing and fertilizer management, bioenergy and biobased products. Our members and partners needed to know this first because the practices that sequester carbon are the same practices that the conservation community have been encouraging farmers to adopt for decades.

In effect, we had been selling the full value of these practices short by only attributing soil and water quality benefits to them. Our task was to instill "carbon consciousness" throughout our organization and to give full credit to conservation practices that provide air quality benefits as well as soil and water quality by sequestering carbon. Whatever financial incentives evolve through carbon trading will add additional endorsement of these practices and will help provide another reason for a farmer to voluntarily agree to install these practices.

Farmers who converted to conservation tillage years ago may find themselves shut out of a carbon trading market because of diminishing returns on additional annual carbon sequestered. This group of farmers, the early innovators, is special to the conservation community because they are willing to take a risk on a new practice and provide the example for the rest of the local farm community. Their success is the best way to encourage the majority of farmers in a community to join in. The worst situation possible would be for such a farmer to be faced with the "perverse incentive" of plowing up a field that had been no-tilled for the last 20 years simply to become eligible to participate in a carbon market. For the first time, a program such as the Conservation Security Program rewards the early innovators. It is an appropriate role of government to protect the agricultural heroes of conservation if they find themselves in such an ironic position.

NACD was also an active partner in a multi-year project with USDA-Natural Resources Conservation Service (NRCS) and the Department of Energy to help establish a statewide, county-specific carbon baseline in Iowa, Indiana and Nebraska with the Century computer model. The 215 conservation districts in those states provided unique local information necessary to calibrate the computer model. The districts were asked to

calculate the acreage of implemented conservation practices that sequester carbon and to estimate key agricultural events in each county that would have an impact on carbon levels such as when most farmers switched to commercial fertilizer and when conservation tillage was a dominant practice. The results were submitted back to each state and arrangements were made with the Energy Information Agency as to the most effective way to report the results for 1605(b) purposes. This database can now be used to run "what-if" scenarios. For example, the Iowa model is being used in research conducted by the National Renewable Energy Lab to use corn stover for ethanol feedstock and the impact it would have on erosion and water quality by removing various percentages of corn stover from the field.

In terms of animal agriculture and manure management, NACD strongly endorses government incentives to allow many more farmers to install methane capture equipment for their livestock operations. Capturing methane and converting it to electricity not only provides a direct reduction of a greenhouse gas that is 21 times more potent than carbon dioxide, but it simultaneously provides water quality benefits by the containment of manure.

When manure becomes the feedstock for methane conversion to electricity, manure management becomes a new profit center for the farmer. Methane conversion allows a livestock producer to provide all the power requirements of the farm and home and sell the excess power to the local utility yet many attribute the odor control it provides as an even more valuable byproduct. After having gone through the anaerobic process to produce methane, manure becomes a more effective fertilizer by making nitrogen more readily available to plants. Whenever that manure would be used to replace commercial fertilizer there would be a direct reduction of nitrous oxide, the greenhouse gas that is 310 times more potent than carbon dioxide.

All of these things are incentives for farmers to consider installing methane capture equipment, but the possibility of selling methane credits would be a substantial additional incentive. Certainly, one of the biggest problems in establishing a market is the general inability to accurately measure reductions and offsets. In this arena, however, the exact number of cubic feet can be measured. With its environmental potency and the ability to accurately measure straight reductions, methane credits should command a higher value in a carbon trading market.

Another significant source of agricultural methane is through the enteric fermentation of cellulose by ruminant animals like cows. Ruminants are valuable to people because of their ability to turn low-quality forage into high quality protein. Improving grazing management through the quality of the forage and improving herd management reduces the production of methane and the resulting efficiencies are cost-effective and profitable for the livestock producer. Of course, it is far more difficult to accurately measure the reduction of methane from these improved practices.

In general terms, agricultural practices that reduce or offset the emission of excess greenhouse gases also provide other substantial environmental benefits. Any incentives

to individual farmers through carbon trading increase the incentives that may already exist and would help considerably to increase the implementation of these practices nationwide. For that reason, NACD would favor opportunities for individual farmers to participate to the extent feasible and reasonable. Such availability must be balanced against the ability to operate the market efficiently and cost effectively in terms of measurement accuracy, reliability and verifiability.

NACD supports reporting on a project level with spatial identifiers to avoid duplication. Minimum emissions requirements should be established, but smaller entities should be allowed to aggregate for reporting.

Only activities that have specific accounting rules and guidelines that can be credibly monitored should be allowed to the extent of scientific feasibility for carbon sequestration through no-till, conservation buffers, Conservation Reserve Program land and forests; reduction of manure methane emissions, irrigation water management, efficient nutrient management for crop production and growing biomass. The inability to maintain accurate measurements for some practices would threaten the integrity of the new market.

In terms of the methods of measurement, the method should vary by activity, depending on the confidence of the method, costs and complexity of measuring emissions or sequestration. An estimate of uncertainty should be provided. The less precise the measurement, the more the market price will be discounted for uncertainty.

Baselines, benchmarks and performance standards should be established on a project basis. In the interest of comprehensive reporting, entities should report all greenhouse gases for which there are reasonable data by the time the reporting program would begin.

NACD favors allowing temporary crediting, the concept that carbon is rented only for the term of a contract. We support the inclusion of working land in carbon trading, but requiring long-term sequestration in active cropfields would be a chilling effect on farmer participation. An accumulator or carbon bank would need to accumulate enough short-term trades to cover the collective carbon debt of an investor. All trades must be insured through an accumulator or a carbon bank.

Independent verification should be required on a regular basis. Verification should include on-site inspections but could also use other means such as satellite imagery if it provides sufficient detail. Independent organizations should verify emissions inventories, reductions and sequestration. Such organizations should be certified, properly trained and regulated.

All participants should be required to maintain records of the data, measurement and testing methods used to develop emissions inventories and reductions. All data should be available for review by authorized government representatives.

The DOE registry should serve as the official record for those entities that register in compliance with the revised guidelines. Previous reports should be permitted to redo

prior-year reports to comply with the revised guidelines, regardless of the year in which they were achieved.

Thank you for the opportunity to provide comments.