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*Notice of Request for Public Comment on the Executive Order on Tackling the Climate Crisis at Home and Abroad
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William Hohenstein, Director, Office of Energy and Environmental Policy

United States Department of Agriculture

ccpooce@usda.gov

IETA INPUT ON USDA SMART-AGRICULTURE AND FORESTRY STRATEGY REQUEST FOR PUBLIC COMMENT ON THE EXECUTIVE ORDER ON TACKLING CLIMATE CRISIS AT HOME AND ABROAD [DOCKET NO. USDA-2021-0003]

The [International Emissions Trading Association \(IETA\)](#) welcomes this opportunity to submit feedback to the United States Department of Agriculture (USDA) to inform a climate-smart agriculture and forestry strategy, as directed by Presidential Executive Order on Tackling Climate Crisis at Home and Abroad. We hope that our insights and recommendations are used to inform an effective, yet flexible, smart-agriculture and forestry strategy that successfully harnesses the power of carbon markets to maximize climate benefits while driving significant economic and co-benefit opportunities across the United States.

Achieving the United States' updated 2030 Nationally Determined Contribution (NDC) will take a heroic effort and massive sums of low-carbon finance and investments across all sectors of the economy. Like other jurisdictions and Parties to the Paris Agreement, **the United States must leverage carbon markets to not only enable and accelerate this journey toward decarbonization and net zero**, but also meet this climate ambition in a just and equitable manner while remaining prosperous and competitive.

As the leading international business voice on climate markets and finance, IETA's non-profit organization represents over 150 companies and non-profit organizations, including many facing climate risks and opportunities across the United States. IETA's market expertise is regularly called-upon to inform market-based policies that deliver greenhouse gas (GHG) reductions and removals, address economic competitiveness concerns, and balance economic efficiencies with social equity and co-benefits.

Our membership also includes **leading organizations from across the carbon trading lifecycle** including offset standards and registries, project developers (including across forestry and agriculture), aggregators, assurance, and leading legal and technical service providers that help the voluntary carbon offset market function smoothly. **These organizations have unparalleled experience and technical expertise in supporting markets underpinned by high-quality carbon credits that are additional, conservative, and permanent.**



HIGH-LEVEL PRIORITY MESSAGES

IETA has been a stalwart champion of historic US voluntary and subnational carbon market leadership. **These market experiences, MRV tools, assurance processes and infrastructure should not only be considered but further enabled and complementary** through any future USDA smart-agriculture and forestry strategy.

IETA's primary concern is that the USDA is being asked to consider supplanting some of the existing long-standing offset programs, best practices, and protocols with its own new tools and approaches. We implore USDA to not reinvent the wheel, as such efforts would forego the hard-earned wisdom embodied within the established stable of standards and protocols. Doing so would risk market confusion and perverse outcomes, including the issuance of low-quality credits with associated adverse reputational impacts.

We strongly urge USDA to play a complementary and enabling, rather than substitutive, role alongside existing carbon market programs, tools, and infrastructure. **We believe the USDA should primarily focus resources and efforts on removing barriers that are too large for any one organization to overcome,** including:

1. Bolstering broad political will and stakeholder uptake across smart agriculture and forestry practices and technologies to support action;
2. Providing market certainty to offset suppliers;
3. Insuring against the risk of reversals and providing long-term monitoring services; and
4. Facilitating and strengthening the *availability* of standardized, high quality soils data and related resources in a manner that leverages and supports existing carbon markets while accelerating voluntary adoption of climate-smart agricultural and forestry practices.

SPECIFIC RECOMMENDATIONS & PROPOSALS

To remove the aforementioned barriers, IETA recommends that USDA:

1. Harness the Civilian Climate Corps;
2. Create a carbon bank;
3. Bear the risk of reversals;
4. Build-out standardized data sets and related resources; and
5. Recognize early adopters of soil health practices.

The following section covers these recommendations in further detail.



1. HARNESS THE CIVILIAN CLIMATE CORPS

President Biden's recent Executive Order calls for the creation of a Civilian Climate Corps to “put a new generation of Americans to work” doing, among other things, “increasing reforestation” and “increasing carbon sequestration in the agricultural sector”. President Roosevelt's Civilization Conservation Corps achieved these same objectives under the New Deal leading Neil Maher, a prominent environmental historian, to coin these efforts as “Nature's New Deal”.¹ The Civilian Conservation Corps was the most popular of all the New Deal programs, employing over three million young Americans during the Great Depression and counteracting rampant degradation of American soils and forests.

The **USDA should harness the new Civilian Climate Corps to expand carbon markets in the agricultural and forestry sectors.** In our collective experience, the hardest parts of convincing growers and landowners to adopt climate-smart practice are social in nature. The USDA should throw its support behind carbon markets to increase awareness and acceptance among these vital stakeholder groups. In turn, the Civilian Climate Corps can be utilized to advertise climate-smart practices, build capacity within the sectors and play roles within the carbon market including supporting on-the-ground assurance and verification. As an example, the USDA could provide market information and data training through its existing channels, including extension services via the Natural Resources Conservation Service (NRCS).

The Civilian Conservation Corps only allowed young men to participate. Black men were segregated from White men, and Native American men were only eventually allowed to participate. Moreover, projects were focused primarily in rural areas.² The Civilian Climate Corps must be inclusive in terms of participation as well as locations of projects across the United States.

2. CREATE A CARBON BANK

A primary financial barrier in agricultural carbon markets is uncertainty over future credit prices and early financing of projects. **A Carbon Bank could function as a buyer of high-quality credits, providing stability and certainty, while sending a strong price signal to the agricultural carbon market.** Similar programs have operated with great success. For example, consider the World Bank Pilot Auction Facility (PAF) which allowed for the purchase of put options by potential sellers of offsets reducing methane emissions; the PAF methane auction attracted 28 bidders that won price guarantees for 8.7 million tons of emissions reductions at a price of 2.40 USD per ton.³ These types of PAF reverse auction model can be used to effectively guarantee minimum prices for high-quality offset credits across a range of project types including forestry and agriculture.

¹ Maher, Neil. 2008. “Nature's New Deal: The Civilian Conservation Corps and the Roots of the American Environmental Movement”.

² RFF. 2021. “A Conversation About the Civilian Conservation Corps, with Neil Maher”. Published by Resources Radio.

³ World Bank Group. 2016. “Lessons Learned: The First Auction of the Pilot Auction Facility”.



3. BEAR THE RISK OF REVERSALS

Another financial barrier, particularly with respect to forestry and soil carbon related offsets, is the possibility of reversals, which occur when stored carbon is unexpectedly released. In the forestry context, such releases most often occur through wildfires which the offset project owner has little to no control over. When stored carbon is released, an equivalent quantity of offsets must be retired to ensure that the project retains its environmental integrity. Typically, protocols withhold a fraction of credits issued to project owners, placing them in a buffer pool that can be used if a reversal occurs. Understandably, this reduces the appetite of landowners and project developers to participate in voluntary forestry offsets. Similarly, protocols often require a commitment to climate-smart practices for 100 years, which can also be untenable for landowners and project developers.

We recommend that the USDA create a mechanism to ensure permanence, thereby absorbing the risk that is otherwise borne by project owners that typically have little control over reversals. This mechanism could take a variety of forms. For example, the **USDA could create a Strategic Carbon Reserve that holds high-quality credits, or monies to buy such credits, to be retired in the event of a reversal.** The most straightforward approach to populating a Strategic Carbon Reserve would be to purchase existing high-quality credits from the voluntary markets. As another example, project owners could retain responsibility for ensuring permanence, but the USDA could create an insurance product that provides direct financial compensation in the event of a reversal. Government protections against reversals will have a noticeable impact and accelerate climate-smart practices.

4. BUILD-OUT STANDARDIZED DATASETS AND RELATED RESOURCES

High-quality standards have methodologies that are based on information and data that underpin their quality. Data requirements for measurements related to GHG across agricultural activities are complex, disaggregated, and costly. The administrative costs involved with making data more widely available are too large to be borne by any one organization.

The USDA can play a vital role in collecting such data. The USDA could generate and facilitate access to activity, soils, and climate data as well as monitoring tools (e.g., models) required for project design and development. These contributions are an important to help farmers, ranchers, and private forest landowners overcome cost and quality hurdles and enable broader participation. For example, the USDA could create a massive number of jobs by conducting random soil sampling across homogeneous landscapes to create baseline soil carbon measurements that registries can then use. In addition, the USDA can play a role in developing open-source tools, such as API software tools, that can help efficiently move such data between stakeholders.



With respect to managing wildfires on forested lands, USDA support to build-out and regularly update US-wide fire probability maps based on modern fire return intervals, as well as data that provide tree lists and fuel conditions across the US based on field sampling already done by the USDA Forest Service, would provide significant support to nascent carbon market offerings to address wildfire risks.

5. RECOGNIZE EARLY ADOPTERS OF SOIL HEALTH PRACTICES

Secretary Vilsack has indicated the desire to recognize those farmers and ranchers who have adopted soil health practices but may not be able to participate in today's current carbon markets because their actions would be considered "business as usual" in their regions. The USDA could consider paying those early actors a "storage carbon fee" to maintain their stored carbon from early conservation efforts. Also, the USDA could **endorse the "proportional additionality" mechanism** as a desirable policy mechanism that protocol developers could adopt to maintain the sink built by those early entrepreneurs and encourage new adopters to take up the practices. This "proportional additionality" mechanism exists as a potential tool endorsed by the Western Climate Initiative Offsets Policy Criteria for sequestration activities in member jurisdictions, and the mechanism has also been adopted in Alberta (home of the oldest compliance carbon market – with several agriculture protocols – in North America).

CONCLUSION

IETA appreciates this important opportunity to record our comments, and our community looks forward to future engagement with USDA. Any questions or follow-up requests related to the insights and recommendations shared can be directed to **Clayton Munnings**, IETA US Strategic Advisor, at munnings@ieta.org.