



# Farm Foundation Carbon Policy Forum

The Role of Agriculture and Forestry  
in a Reduced Carbon Economy

National Press Club  
June 2, 2009



25x'25 Carbon Project

# 25x'25 Carbon Initiative

- Organized in spring of 2008
- Led by a work group composed of over forty respected agricultural, forestry and conservation leaders
- Mission:
  - facilitate agriculture and forestry sector dialogue on our role in a reduced carbon economy, and
  - help identify climate change solution sets they can provide



# Areas of Focus

- Ag and forestry impacts and opportunities
- Mechanisms to manage GHG emissions
- Consequences of policy choices
- How ag and forestry could best participate in emerging carbon markets
- Cap-and-trade guiding principles and policy imperatives



# Key Findings

- Agriculture and forestry are uniquely positioned to deliver low-cost offsets, in quantity, during the early years of a cap and trade program when a quick start is most urgent.
- Agriculture and forestry have much to gain from this opportunity.



# Reduction Opportunities

- Sequestration
  - Conservation tillage and crop rotations
  - Cover crops
  - Grazing practices
  - Forestation, reforestation, forest management
- Avoided emissions
  - Biofuel production
  - Thermal bio-power and bio-heat
  - Renewable electrical power
- Emission reductions
  - Manure management
  - Fertilizer practices



# Primary Challenges

- Costs
  - Changes in operating practices
  - Tracking and selling offsets
  - Increased input cost (esp. fuel and fertilizer)
- Getting the correct enabling policy in place
- Development of viable markets
- Informing ag and forest sectors of opportunities, challenges, alternatives and consequences
- Shaping our own destiny



# Offsets Are Critical for Cap & Trade

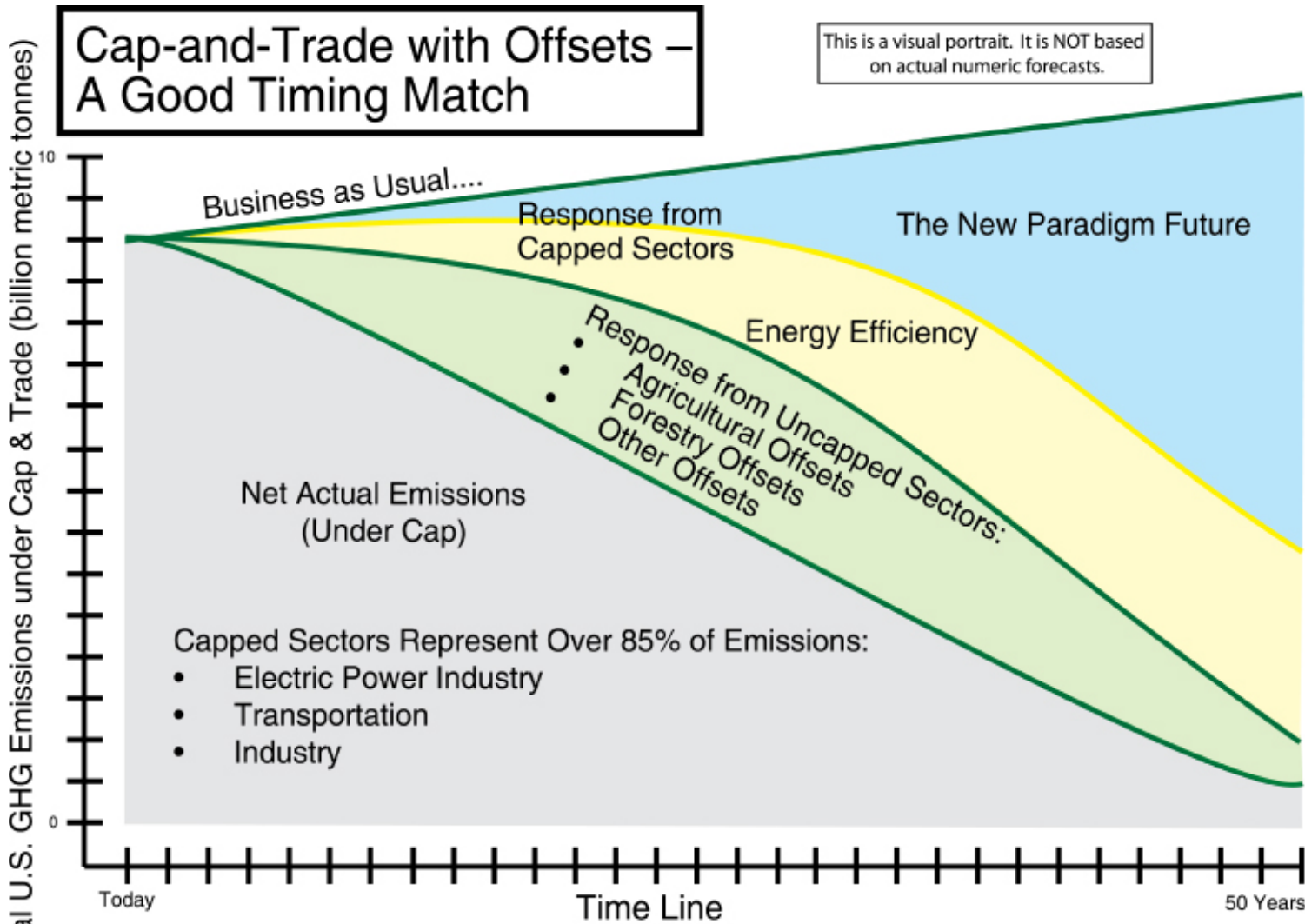
- Induces Change in Uncapped Sectors
- Reduces Program Costs
- Produces Large Volumes Earlier
- Fills the Timing Gap; Bridges to the New Paradigm Future





# Cap-and-Trade with Offsets – A Good Timing Match

This is a visual portrait. It is NOT based on actual numeric forecasts.



Farm and forestry offset services – UNDER A PROPERLY DESIGNED PROGRAM - offer a great advantage to the capped sectors under cap-and-trade. Key benefits include: Immediate delivery of low-cost reductions to capped sectors; low-cost abatement opportunities that will reduce energy costs to American households; a growing volume of reductions as carbon prices rise over time in response to a declining cap; a saturation of the biological sequestration sources of emissions reductions at a time when the capped sectors have had ample opportunity to overcome capital turnover times, and the requisite technological solution development demanded by the fundamental paradigm shift to a low-carbon economy.



25x'25 Carbon Project



# Waxman-Markey Offsets Limitations

- Biological Sequestration Offsets Rules
- Market Efficiency Plans
- Operational Efficiency
- Early Action
- USDA Role
- Quick Start Planning
- Domestic Offset Parity with International Offsets Opportunities



# Waxman-Markey Supplemental Problems

- Indirect Land Use Change
- Renewable Biomass
  - Eligible Land Sources
  - Eligible Definitions



25x'25 Carbon Project



[www.25x25.org](http://www.25x25.org)



25x'25 Carbon Project