



# **American Power Act: Discussion of Key Agriculture- and Forestry- Related Provisions**

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# Overview

- ❑ Introduced by Senators Kerry (D-MA) and Lieberman (I-CT) on May 12, 2010.
- ❑ GHG reductions goals:
  - ◆ 4.75% below 2005 levels by 2013
  - ◆ 17% below 2005 levels by 2020
  - ◆ 83% below 2005 levels by 2050
- ❑ GHG cap & trade: power plants covered beginning in 2013; other industrial sectors beginning in 2016
- ❑ Transportation sector covered through fuel producers and importers; buy allowances at a fixed price

# Agriculture and Forestry Sectors

- ❑ Agriculture and forestry sectors are not covered by the cap nor must they purchase allowances.
- ❑ However, agriculture and forestry projects that reduce, avoid or sequester GHG emissions may qualify for offset credits.
- ❑ In addition, there are other provisions of interest to agriculture; I will cover one of them – the Carbon Conservation Fund.

# Offset Program

- ❑ 2 billion tons in offset credits available each year.
- ❑ USDA runs offset program related to agriculture and forestry offset projects; EPA runs the offset program provisions related to other types of projects and issues all offset credits.
- ❑ Offset credits are only issued for emission reductions, avoidances or sequestrations that are additional, measurable, verifiable and enforceable, and equivalent to an emissions allowance.
- ❑ To be additional, projects must exceed legal requirements, commence after Jan. 1, 2009 (except for early offset supply), and exceed the activity baseline.

## Offset Program (cont.)

- ❑ The activity baseline must reflect a conservative estimate of business-as-usual performance, but USDA may establish a historical baseline for agriculture and forest projects that allows for the continuation of existing practices.
- ❑ Verification by accredited third-party verifiers.
- ❑ All reversals must be accounted for, and projects must use an offset reserve, insurance or other mechanisms to enable replacement.
- ❑ USDA shall establish rules governing duration, liability, sequential contracts and easements to ensure the integrity of reductions from agriculture and forest projects
- ❑ The crediting period is 30 years for forestry projects, and 5-10 years for other types of projects.

# Offset Advisory Committee

- Bill creates a Greenhouse Gas Emission Reduction and Sequestration Advisory Committee to advise EPA and USDA on establishment and implementation of offsets program.
  - ◆ Make recommendations on which project types should be eligible as offsets.
  - ◆ Issue report within 8 months and periodically thereafter with priority recommendations on how to ensure emissions reduction integrity of offset projects.
  - ◆ Every 5 years, provide a public scientific review of the offsets program.

# List of Eligible Offset Projects

- The Act directs EPA and USDA to create a list of the types of offset projects eligible to generate offset credits. The list “shall” include activities that provide emission reductions, including:
  - ◆ nonlandfill projects that involve collection, combustion or avoidance of emissions from organic waste streams that would have otherwise emitted methane into the atmosphere, including manure management, composting or anaerobic digestion projects;
  - ◆ projects involving afforestation or reforestation of acreage not forested as of January 1, 2009;
  - ◆ forest management resulting in an increase in forest carbon stores, including harvested wood products;
  - ◆ forest-based manufactured products;
  - ◆ projects for biochar production and use;

# List of Eligible Offset Projects (cont.)

- ◆ projects relating to agricultural, grassland and rangeland sequestration and management practices, including
  - altered tillage practices, including the avoided abandonment of conservation practices;
  - winter cover cropping, continuous cropping and other means to increase biomass returned to soil in lieu of planting followed by fallowing;
  - the use of technology or practices to improve the management of nitrogen fertilizer use, including slow and controlled-release fertilizers (including absorbed, coated, occluded, or reacted fertilizers) and stabilized nitrogen fertilizers (including urease, nitrification inhibitors, and nitrogen stabilizers) that are recognized by State regulators of fertilizers;
  - reduction in methane emissions from rice cultivation;

# List of Eligible Offset Projects (cont.)

- ◆ projects relating to agricultural, grassland, and rangeland sequestration and management practices, including
  - reduction in carbon emissions from organically managed soils and farming practices used on certified organic farms;
  - reduction in GHG emissions due to changes in animal management practices, including dietary modifications and pasture-based livestock systems;
  - resource-conserving crop rotations of at least 3 years; and
  - practices that will increase the sequestration of carbon in soils on cropland, hayfields, native and planted grazing land, grassland or rangeland;

# List of Eligible Offset Projects (cont.)

- ◆ projects for changes in carbon stocks attributed to land management change, including—
  - improved management or restoration of cropland, grassland, rangeland (including grazing practices) and forest land;
  - avoided conversion that would otherwise release carbon stocks;
  - reduced deforestation;
  - management and restoration of peatland or wetland;
  - urban tree-planting, landscaping, greenway construction and maintenance;
  - sequestration of GHGs through management of tree crops;
  - adaptation of plant traits or new technologies that increase sequestration by forests; and
  - projects to restore or prevent the conversion, loss or degradation of vegetated marine coastal habitats;

# List of Eligible Offset Projects (cont.)

- ◆ projects that reduce the intensity of GHG emissions per unit of agricultural production; and
- ◆ projects that reduce GHG emissions from manure and effluent, including—
  - waste aeration;
  - biogas capture and combustion; and
  - improved management or application to agricultural land.

# Carbon Conservation Fund

- ❑ Section 4153 authorizes the establishment of the Carbon Conservation Fund.
- ❑ Fund is administered by USDA and Interior.
- ❑ Purpose of the fund is to
  - ◆ reward the continuation of carbon conservation practices by early adopters;
  - ◆ develop new offset methodologies;
  - ◆ improve management practices;
  - ◆ avoid conversion of private agricultural, forest and grassland, and;
  - ◆ improve sequestration on federal land.

# Contact Information

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