

May 22, 2008

Agriculture, Forestry Sectors Push to Join Offsets Club

By Eric Bontrager

When it comes to finding offsets for greenhouse gas emissions, the low-hanging fruit may be on the farm.

Agricultural carbon offsets such as sequestration, methane capture and reducing nitrous oxide emissions from croplands could provide a low-cost and immediate opportunity for reducing the amount of GHGs in the atmosphere, said farming, forestry and energy officials during a Senate Forestry and Conservation Subcommittee hearing yesterday.

"No other sector can provide such high value offsets at such a low cost," said Dick Wittman, a member of the Agricultural Carbon Market Working Group.

Several assessments, including an analysis by the Pew Center for Global Climate Change, have shown that agriculture could provide up to 40 percent of the U.S. reductions needed to return greenhouse gas emissions to 1990 levels by 2010.

To get farmers to practice these carbon-offset techniques, they will need incentives. Climate legislation spearheaded by Sens. Joe Lieberman (I-Conn.) and John Warner (R-Va.) permits industry to offset its emissions by purchasing carbon offsets, but the provision limits use of offsets to 15 percent for domestic and 15 percent for international. Ten percent of the international offsets may be used for forestry projects, according to the amendment released yesterday by Sen. Barbara Boxer (D-Calif.).

Wittman said that a cap-and-trade system would help make it profitable for farmers and foresters to invest in environmental stewardship, but with a cap at 15 percent, those benefits would be limited.

He noted that U.S. EPA has found capped offset provisions for domestic and international offsets could reduce allowances prices by 93 percent, but with unlimited offsets, that estimate could fall even lower. Unlimited offsets would be an

intermediate step that would act as a bridge to other, long-term strides in reducing emissions such as technological advancements, he said.

Subcommittee Chairwoman Debbie Stabenow (D-Mich.) supports lifting the cap on emissions proposed in the Lieberman-Warner bill and has called for the legislation to be amended before it hits the Senate floor.

But Steve Corneli, vice president for market and climate policy at NRG Energy Inc., warned that unlimited offsets could be counterintuitive. "It's important not to have too much of a good thing," he said.

Corneli explained that while offsets would make a carbon market more effective, relaxing the limits on offsets could lower prices to the point that it could weaken a cap-and-trade system. He added that it was important to make sure that assurances are in place to ensure that low-quality "junk offsets" are prevented from entering the market.

Offsets in the Forests

Witnesses emphasized that offsets do not have to just come from the farm, but also from the forest.

Forest loss and depletion accounts for about a quarter of worldwide carbon dioxide emissions worldwide. In the United States, 6,000 acres of forest land and open space is lost every day, according to the Forest Service.

With an estimated 100 million acres of family-owned forests going through a process of intergenerational transfer, Pacific Forest Trust President Laurie Wayburn said the opportunity for incentives that would maintain those private forest lands and the carbon they store is enormous. Wayburn pointed to California's climate change program, which includes state-backed rigorous methodologies for creating CO2 emissions reductions through forest conservation.

Two years ago, on behalf of a private landowner, the Pacific Forest Trust submitted the first forest project to the California Climate Action Registry, 2,200 acres of working forest along the northern coast of California that over the 100-year lifetime of the project will provide at least an estimated 500,000 tons of CO2 emissions reductions. In February, CCAR certified the 2004-06 emissions reduction for the project.

Ruben Lubowski, a forest carbon economics fellow at the Environmental Defense Fund, said forest preservation as a carbon offset would offer additional benefits, including preserving endangered species habitat and improving water quality.

Wayburn said it was important to discuss what standards would be used for domestic forestry offsets and how they would line up with international standards, advocating that they be as parallel as possible to encourage trading.