

Ag Sector Workgroup Meeting Summary

Monday, July 14 10:00am – 3:00pm

Moses Lake, WA

In Attendance

Co-Leads:

Kirk Cook, Washington State Department of Agriculture

Chad Kruger, Washington State University - CSANR

Workgroup Members:

Jim Armstrong, Spokane County Conservation District

March Fuchs, Washington Department of Ecology

Patrick Mazza, Climate Solutions

Warren Morgan, Double Diamond Fruit

Maurice Robinette, Washington Sustainable Food and Farm Network

Craig Smith, Northwest Food Processors Association

John Stuhlmiller, Washington Farm Bureau

*Zach Willey, Environmental Defense Fund

*Via conference line

Absent:

Larry Cadwell, Cherryview Farms

Dan DeRuyter, George DeRuyter and Sons Dairy

Ted Durfey, Natural Selection Farms

Ron Schultz, Washington State Conservation Commission

Mark Sheffels, Pacific Northwest Direct Seed Association

Randy Uhrich, Washington Association of Wheat Growers

Support:

Athena Bertolino, process support/facilitator, Ross & Associates Environmental Consulting, Ltd.

Background Documents (available online at: http://www.ecy.wa.gov/climatechange/2008FA_agr.htm)

- Agenda
- Logistics
- Framework and Priorities
- Discussion Slides
- June 23 Meeting Summary

Discussion Items and Key Issues

1. Debrief from the June Meeting
 - 1.1. The Workgroup reviewed the next steps and agreements from the June 23 meeting as listed in the June 23 Meeting summary.
 - 1.2. The assumption that Ag would be treated as an uncapped sector for this process was solidified.

2. Overview of Workgroup Framework and Priorities
 - 2.1. The Workgroup reviewed the Framework and Priorities document which provides a schedule and plan for moving forward with developing recommendations. The document also restates the legislative charge for this group.
 - 2.1.1. The plan described in the document is for two broad categories to be discussed at each of the next three meetings, with the goal of reaching consensus on draft recommendations for each area at the meeting in which they are discussed.
 - 2.1.1.1. The Workgroup agreed that additional work may need to be completed between meetings to shape the draft recommendations.
 - 2.1.2. The Co-Leads noted that the subtopics suggested do not cover every practice/technology/system that could be considered; rather they provide a base from which to begin discussions.
 - 2.1.3. Workgroup members made the following comments regarding the Framework:
 - 2.1.3.1. All activities considered need to be looked at through the lens of a credit program.
 - 2.1.3.2. The level of detail the Workgroup should be striving towards is to identify what activities are likely to work in cap and trade system because there is sufficient enough understanding and/or data around them that a buyer would be willing to buy offsets; what additional information is needed to increase the likelihood of success for implementing activities where understanding/data is not sufficient; and what activities have sufficient information but will likely not be successful without additional policy mechanisms and identification of those mechanisms.
 - 2.1.3.2.1. Once draft recommendations are formed, the Workgroup can perform a cross-comparison and identify common themes, leading to a set of general recommendations to complement the more topic or activity-specific recommendations.
 - 2.1.3.2.2. The Workgroup should identify where data exists, who knows it, who knows it best, and if there is a way to assess it.
 - 2.1.3.2.3. Recommendations should be general enough so as not to get hung up on minute details.
 - 2.1.3.3. **The group agreed to the following focus for recommendations:**
 - 2.1.3.3.1. Focus on how to make Ag a player in whatever cap and trade system the state decides to adopt.
 - 2.1.3.3.2. Identify where the best opportunities are for making 2.1.3.3.1 happen (which strategies have the most potential), identify barriers to implementation of those strategies, and suggest policy options to overcome those barriers.
 - 2.1.3.3.3. Provide the state with clear guidance on how they should prioritize on what to do first.
3. Assumptions
 - 3.1. The Workgroup discussed general assumptions/policy statements that will guide their recommendations for each topic area, and will be included as general statements in the overall recommendation document. Discussion built off the following three assumptions presented by the Co-Leads: 1) Carbon market mechanism treats N2O emissions separately; 2) Accepts some uncertainty; and 3) Has reasonable requirement for measurement and/or verification.
 - 3.2. The Workgroup made the following comments/suggested amendments to the assumptions:

- 3.2.1. Carbon market mechanisms should treat all emissions (not just N₂O) on a carbon equivalent basis.
 - 3.2.1.1. Emissions should be treated as disaggregated for the purposes of considering recommended actions, however all actions must result in an overall net emissions reduction in order to be marketable.
 - 3.2.1.1.1. A net emissions requirement should be captured in the protocols (not to be written by this Workgroup).
 - 3.2.1.1.1.1. For example, member suggested best management of fertilizer inputs be written into the protocols. Other members noted that the initial focus will likely not be on best management practices, as this will be a performance based system. If it gets to a point where models are approved and sanctioned by the Western Climate Initiative (WCI), then best management practices could be identified and sanctified.
 - 3.2.1.1.1.2. One thing to keep in mind is that the Chicago exchange sets their criteria in private. It is not a public process like a WCI exchange will be, which means what they are trading may not necessarily be valid in terms of net emissions reductions.
 - 3.2.1.1.2. Net emissions for any given practice should be treated within that credit – each credit will have to be evaluated as a specific situation.
 - 3.2.2. An ag carbon credit hinges on the validity and acceptance of a model, thus carbon market mechanisms must accept some degree of uncertainty.
 - 3.2.3. Carbon market mechanisms must have a reasonable requirement for measurement and/or verification – they must be credible and verifiable (and therefore, performance based).
 - 3.2.3.1. What performance will look like depends on how much money farmers will get from the credits, as a limited percentage of the credit amount will be spent on verification.
 - 3.2.4. In order to apply for and have reasonable consideration for an offset to be accepted, a package of activities may be needed, especially in cases where one activity may greatly reduce one emission, but increase another.

As defined in the Framework, the Workgroup discussed two of six topic areas at this meeting. Highlights of these discussions are as follows:

4. Topic Area 1: Agriculture Carbon Management
 - 4.1. How transferable is data collected in other parts of the country to Washington? It depends on soil types and rainfall patterns. What about data from a source other than university studies? The big issues there are consistency and accessibility.
 - 4.1.1. The Workgroup agreed that a large amount of useful data exists both inside and outside of universities. The question is how to access and systematize the data to make them ready for trading.
 - 4.1.2. Not much data exists for perennial crop systems (such as orchards) in terms of C-sequestration; however the same methodology of any other system for assessing performance would be used, with different particulars.
 - 4.1.3. A massive collection of data bases for baselines is not needed to get Washington ag started with trading, rather specific data is needed for specific sites (site measurements).
 - 4.1.3.1. The longer term goal should be larger data bases with baselines for every region.

- 4.1.4. **The Workgroup agreed** there may not be data gaps in terms of primary data collection; however there is a need to systematize existing data in order to determine whether it is adequate to support certain activities/practices for trading.
 - 4.2. Regarding application of organic materials, a good data set exists for biosolids (both dryland and irrigated), however the transportation needed to haul them has to be factored in. In this sense, it is really a waste management practice and may be covered by the Beyond Waste Workgroup.
 - 4.2.1. Agronomic rates need to be considered as well - if biosolids are over applied there will be N₂O emissions and groundwater problems. There is a media transfer issue that is an indirect cost.
 - 4.3. The Workgroup should identify barriers (such as capital equipment costs), outside of data needs, to implementation of carbon management activities in a carbon market, and then identify policy to overcome those barriers (such as conservation payments).
 - 4.3.1. It will be very difficult to consider tax incentives in Washington State – **this is the type of the creative legislative fix the CAT should be considering.**
 - 4.4. **The Workgroup agreed** that further work was needed to flesh out the ideas discussed and presented in the Discussion Slides. Therefore, a small subgroup was established to develop draft recommendations for this topic area.
5. Topic Area 2: Preservation of Open Space/ Ag Land
- 5.1. Sufficient data exists for this topic; it is a matter of collecting it and using it to run quantifications.
 - 5.1.1. A sizable amount of nationwide data exists for C-sequestration potential of CRP lands; however some of it may not be transferrable to Washington State. For example, Midwest data covers different soil types, rainfall patterns, and vegetation.
 - 5.1.2. Similar data is needed for grassland CRPs and shrubs and trees CRPs.
 - 5.1.2.1. There needs to be site specific research, perhaps broken up by precipitation zones.
 - 5.1.2.2. CRP lands had to meet Natural Resources Conservation Service (NRCS) specification for diversity of species in order to become CRP lands, so that data already exists.
 - 5.1.2.2.1. It should be fairly easy to compare carbon stored in areas in tillage and those in CRP right next door to each other. I.e. C can be measured right at the fence line.
 - 5.1.2.2.2. The Co-Leads offered to run a back of the envelope calculation on C-sequestration potential for managed CRP lands vs. land in production, geo-referenced to existing farming practices, for 100 years to gain a general sense on the level of significance.
 - 5.2. There must be incentives to keep reserve land from going back into production, which would result in huge C emissions. If farmers chooses not to put CRP lands into production, those lands should be available for a carbon credit.
 - 5.2.1. If carbon in existing soils is not considered for credits, than farmers may take the CRP lands out of conservation and put them into production in order to apply for a credit.
 - 5.2.1.1. **The Workgroup agreed** to support a recommendation stating preserving soil carbon is as much a value as sequestering – there should be credits for existing carbon storage to avoid a new emissions source.
 - 5.2.2. There should be a greenhouse gas emissions avoidance credit through the preservation of ag land, and this group should identify policy mechanism for how to get there.

- 5.2.3. The group needs to think about how to address vegetative buffers and lands not set-aside voluntarily, such as critical area ordinance buffers. It is a similar issue to that of timber lands.
 - 5.2.4. **The Workgroup agreed** that CRP lands should be kept there through renewal of contracts or through carbon credits. Some data crunching is needed to quantify benefits, but it is evident they exist.
 - 5.2.4.1. Some members suggested a recommendation on a policy change to have statewide vs. county wide caps on CRP lands.
 - 5.2.4.2. There also needs to be recommendations on how to define rules of additionality.
 - 5.2.4.2.1. There is clearly an economic alternative to keeping it in CRP land.
 - 5.2.4.2.2. The Workgroup should look at how the forestry Workgroup is dealing with trees that are already there.
 - 5.3. There must be a way to make Western Washington a player for this topic. The best inroad for this is stopping conversion of ag land for development, however ag can not compete with development dollars.
 - 5.3.1. This is being covered to some extent in the Land Use Workgroup.
 - 5.3.2. **The Workgroup agreed** the way to incorporate Western Washington on this topic is recommend ways to help keep ag land ag land for as long as possible.
 - 5.3.2.1. **The Workgroup agreed** to a preliminary recommendation on providing incentives for those who want to stay in business, stated as a policy goal to keep those farms working that are under pressure to develop who do not want to for a long as possible.
 - 5.4. **The Workgroup agreed** to a preliminary recommendation that the state consider other recommendations coming out of complementary research/processes such as that of the Ruckelshaus Center and Farmland Preservation Task Force.
 - 5.5. A preliminary recommendation on supporting policy mechanisms for management of intensive grazing practices – high stock densities for low periods of time with long periods of rest – was put on the table for consideration.
 - 5.6. **The Workgroup agreed** that further work was needed to shape the language of the preliminary recommendations suggested/discussed at this meeting. Therefore, a small subgroup was established to develop draft recommendations for this topic area.
6. Prioritization
- 6.1. The Workgroup discussed prioritizing the remaining four broad topic areas in the event there would not be enough time to get through all of them at the upcoming meetings. With regards to prioritization **the Workgroup agreed to the following:**
 - 6.1.1. Manure Digesters and Ag Nutrient Management are the next two priority topics after reaching agreement on the two topics discussed at this meeting.
 - 6.1.2. In-State production of biofuels and biofeedstocks will be moved to the end of the list, with agreement there is not an expectation that this topic will be covered.
 - 6.1.3. General recommendations on reduction in on-farm energy use and improvements in energy efficiency should be easy to make/agree on, in that this provides for a clear and demonstratable credit. The only two issues to discuss are up front costs, and identifying a policy mechanism to help pay for these; and how to deal with practices already going on and/or credit for early action.

Next Steps and Agreements:

1. The Workgroup agreed to three general foci for recommendations as stated in 2.1.3.3 above.

2. The Workgroup supports a general recommendation for a complementary public policy to support initial projects in order to gain more confidence in the model(s) being used, so that future projects do not necessarily have to go through the same scrutiny of the initial projects.
3. The Co-Leads will redraft the assumptions based on the meeting discussion and distribute them to Workgroup members for agreement via email in the next couple of weeks.
4. For both topics discussed, the Workgroup agreed there may not be data gaps in terms of primary data collection, however there is a need to systematize existing data in order to determine whether it is adequate to support certain activities/practices for trading. The Workgroup supports a general recommendation to fund a program to fill in data gaps, where they exist.
5. The Co-Leads will run a back of the envelope calculation on C-sequestration potential for managed CRP lands vs. land in production, geo-referenced to existing farming practices, for 100 years to gain a general sense on the level of significance.
6. The Co-Leads will schedule calls of the two newly established subgroups over the next month to finalize draft recommendations for the two respective topic areas. The Carbon Management subgroup will likely need two to three calls, and the Ag Lands subgroup will try to finish with one call. The recommendations from the Ag Lands subgroup will be presented for consensus agreement at the August Workgroup meeting, and the recommendations from the Carbon Management subgroup will be presented for consensus agreement at the September meeting.
7. The Framework will be updated to reflect the agreed upon change in schedule to discuss the topics of ag nutrient management and manure digesters/other waste energy utilization at the August meeting.
8. Ross and Associates will distribute link to the Iowa Farm Bureau Credit for reference.

Public Comment

No members of the public were present at this meeting.

Next Meeting

The next Ag Sector Workgroup meeting will be held on August 15. It is currently scheduled to be held in Moses Lake, WA, but may be moved to an alternate central location in order to accommodate video conferencing for those members unable to attend in person. Logistical details will be distributed as soon as they are finalized. The meeting will focus on consensus agreement on recommendations regarding preservation of open space/ag land, and discussion leading to draft recommendations on the topics of agriculture nutrient management and manure digesters/other waste energy utilization.