

Ag Sector Workgroup Meeting Summary
Monday, September 22 10:00am – 4:00pm
Moses Lake, WA

In AttendanceCo-Leads:

*Kirk Cook, Washington State Department of Agriculture
Chad Kruger, Washington State University - CSANR

Workgroup Members:

Larry Cadwell, Cherryview Farms
Dan DeRuyter, George DeRuyter and Sons Dairy
**Russ Evans, Pacific Northwest Direct Seed Association
March Fuchs, Washington Department of Ecology
Patrick Mazza, Climate Solutions
Warren Morgan, Double Diamond Fruit
Ron Schultz, Washington State Conservation Commission
Craig Smith, Northwest Food Processors Association
*John Stuhlmiller, Washington Farm Bureau

*Via conference line

**Alternate for Mark Sheffels, Pacific Northwest Direct Seed Association

Absent:

Jim Armstrong, Spokane County Conservation District
Ted Durfey, Natural Selection Farms
Maurice Robinette, Washington Sustainable Food and Farm Network
Mark Sheffels, Pacific Northwest Direct Seed Association
Randy Uhrich, Washington Association of Wheat Growers
Zach Willey, Environmental Defense Fund

Support:

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

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

- Agenda
- Logistics
- Draft Ag Carbon Management Recommendations
- Draft Anaerobic Digester Recommendations
- Draft Final Conservation and Grazing Lands Recommendations
- Draft Precision Ag Recommendations
- Draft Ag Story/Package Introduction
- Overview of Different Approaches for Demonstrating Additionally of GHG Emissions Offset Projects: Background Paper for the EPRI GHG Emissions Offset Policy Dialogue Workshop 2
- August 12 Meeting Summary

Discussion Items and Key Issues

1. Debrief from the September Climate Action Team (CAT) Meeting
 - 1.1. The Ag update was well received and there was good engagement by CAT members.
 - 1.2. Discussion centered on whether “a ton is a ton” and how to ensure both Ag and Forestry offset projects would provide tons into the marketplace that are equivalent to a ton reduction of greenhouse gas emissions.
 - 1.3. The next iteration of the Western Climate Initiative (WCI) Design Recommendations will be released on September 23rd. There is an open question about whether the CAT will comment on the WCI recommendations. The WCI and Washington State CAT processes are independent of each other; however the Washington State legislature will have to make a decision about whether to adopt the WCI model. The Agriculture Sector Carbon Market Workgroup (ASCMW) is encouraged to provide any insight into this discussion they may have.
 - 1.4. The Beyond Waste Workgroup and the ASCMW have a major discrepancy in the number used relative to anaerobic digestion of food waste. The Beyond Waste Workgroup is currently using a number from the Environmental Protection Agency (EPA) WARM model, which does not directly include anaerobic digestion, while the ASCMW is using published numbers. The Co-Leads of both groups are meeting to reconcile the difference.
2. Draft Recommendations for Ag Carbon Management Offsets
 - 2.1. The Workgroup discussed the question of additionality.
 - 2.1.1. Additionality should be based on performance versus a practice. It should be based on measured annual increases in carbon stored in the soil.
 - 2.1.2. Someone who has already adopted a practice will not receive credit for actions they already completed. They would receive credit for avoided/ new carbon stored in the soil from the contract date forward on a project-by-project basis.
 - 2.1.2.1. Include language to read: *As per house bill 2815 carbon stored after the baseline date of July 1, 2008 should be eligible for credit providing sufficient defensible and verifiable data, which does not disadvantage WA State in relation or another state or tribe.*
 - 2.1.3. Carbon credit would be given as payment for the risk taken to implement a carbon-friendly practice for which there may not be an economic advantage to do so.
 - 2.1.4. The policy decision of whether Ag offsets will be allowable at all will happen in a different venue. The purview of this group is to determine if they are allowed, what should be the boundaries within which they function.
 - 2.2. The scale of a project would be determined by a certain number of minimum tons. Small project aggregation may need to occur in order to justify a project for an offset.
 - 2.3. Reminder that offsets are not the only source of revenue – other policy options should be considered as well (although there may not be sufficient time for this group to do so).
 - 2.4. The question of permanence needs to be considered for all four recommendation areas.
 - 2.4.1. This is easiest to answer for anaerobic digestions and precision Ag because it equates to greenhouse gases never released into the atmosphere.
 - 2.4.2. The best way to address all four areas is to write it into the contract – if carbon stored under the contract is released at a later date there would be a payback penalty, and that project will no longer be eligible for new carbon stored.
 - 2.4.2.1. How the terms of the contract will work is an issue for the WCI and CAT to address.

3. Draft Recommendations for Anaerobic Digestion Offsets
 - 3.1. To account for additionality, offsets need to be considered on a project-specific basis. As for all four recommendations areas, credit would be given only to new carbon stored after the baseline/contract date, thus providing incentive for farmers to adopt or continue carbon-friendly practices which they may have abandoned otherwise to return to/continue more cost-effective “business as usual” carbon-unfriendly practices.
 - 3.2. There may not be offset potential for the replacement of fossil fuels by digestion products if an upstream system for pricing carbon already exists because that would lead to double counting.
 - 3.2.1. There are legitimate opportunities for co-products of digestion that should be kept on the table. However, language should be included in the recommendations to state that some of those may not be creditable.
 - 3.2.1.1. If they are deemed creditable, they can be easily measured.
 - 3.2.2. The rules of additionality should take care of any double counting issues.
 - 3.3. A one-page Executive Summary is needed for the recommendation package which highlights the three or four umbrella recommendations, big picture critical issues, and the overall route forward for Ag carbon credits.
4. Draft Recommendations for Preservation of Open Space/ Ag Land Offsets
 - 4.1. The confidence interval language should be reconciled with the three tiered approach taken in the carbon management section and the suggested numbers should be clarified.
 - 4.2. Measurement, monitoring, and verification should be uniform across all jurisdictions participating in the offset program.
 - 4.2.1. More confidence at a smaller resolution can happen on managed lands versus set-aside lands.
 - 4.2.2. Recommendation seven should be changed to say that measurement, monitoring, and verification needs to happen and the details of how is left up to development of the protocol.
 - 4.2.2.1. Delete recommendation eight and move it to the executive summary.
 - 4.2.2.2. If protocols are developed that provide confidence in the measurement, then not much verification needs to happen – it would be a selective audit process.
 - 4.3. The language for recommendations two, five, and six should be modified to be consistent with the language in the carbon management section. Recommendations five and six could be different than the carbon management recommendations, but if so, there needs to be an explanation as to why they are different.
5. Draft Recommendations for Ag Nutrient Management Offsets
 - 5.1. There is no single transportation item which addresses dyed diesel fuel use in Washington State. This type of fuel is easily segregated, well enforced, and well understood by those who use it.
 - 5.1.1. Offsets for fuel use would help offset the costs of precision farming techniques.
 - 5.1.2. Forty to fifty percent of available offset costs could be lost if fuel use was not included.
 - 5.1.3. As long as dyed diesel is not being addressed under the Transportation sector, it should be included for offsets under the Ag sector.
 - 5.2. Additional benefits down the system, such as avoided emissions from not producing nutrient fertilizers, are difficult to address because of where they get inventoried in the system. Because of this, the ASCMW chose not to include recommendations on this topic.
 - 5.3. Recommendation one should be deleted, with language about aggregation moved to the executive summary.

- 5.4. To match the other recommendations, July 1, 2008 will be used as a baseline.
 - 5.5. The words “direct and indirect” should be removed from recommendation four.
 - 5.6. All four recommendation areas will be amended for consistency and formatting.
6. Ten Percent Issue Discussion
 - 6.1. The Workgroup continued to discuss the language in Section 9.2 of the Western Climate Initiative (WCI) Draft Design of the Region Cap-and-Trade Program document dated July 23, 2008.
 - 6.1.1. The percentage needs to not negatively impact the Ag sector’s ability to generate and market offsets.
 - 6.1.2. An assessment is needed of what the impacts would be if there was a larger marketplace that included more productive land.
 - 6.1.3. This will be a political decision, for which this group could provide insight.
 - 6.1.4. The discussion should be tabled until after the WCI Design Recommendations are released. If the state adopts WCI, the number will not be up for negotiation.
 - 6.1.5. The Co-Leads will draft an analysis to present to the CAT at their next meeting that illustrates what the impact of the percent is once the WCI Recommendations are released and it is known who is under the cap and what the Washington State allocation is. This will be presented as information-only, not as a consensus statement by the ASCMW.

Next Steps and Agreements:

1. The Co-Leads and Ross and Associates will incorporate all the changes to the draft recommendations discussed at this meeting. They will compile all of the documents into one Ag Carbon Offset Recommendation Package, include an Executive Summary, and perform a language and measurement consistency and formatting check.
2. The Final Draft Recommendation Package will be distributed to the ASCMW two weeks prior to the October meeting for review. Workgroup members will be asked to identify any areas needing further discussion at the October meeting.

Public Comment

No public comments were provided.

Next Meeting

The final Ag Sector Carbon Market Workgroup meeting will be held on October 20 in Moses Lake, WA. The meeting will focus on any outstanding discussion areas/ changes need to reach consensus agreement on the final recommendations package. A consensus vote will be taken by those members present at the October meeting. Members not attending the meeting will defer to the present members’ final decision, unless noted otherwise.