

Ag Sector Workgroup Meeting Summary

Monday, October 20 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:

Larry Cadwell, Cherryview Farms

March Fuchs, Washington Department of Ecology

Warren Morgan, Double Diamond Fruit

Maurice Robinette, Washington Sustainable Food and Farm Network

Mark Sheffels, Pacific Northwest Direct Seed Association

Craig Smith, Northwest Food Processors Association

*John Stuhlmiller, Washington Farm Bureau

Randy Uhrich, Washington Association of Wheat Growers

*Via conference line

Absent:

Jim Armstrong, Spokane County Conservation District

Dan DeRuyter, George DeRuyter and Sons Dairy

Ted Durfey, Natural Selection Farms

Patrick Mazza, Climate Solutions

Ron Schultz, Washington State Conservation Commission

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 Final Ag Carbon Offset Recommendation Package
- September 22 Meeting Summary

Discussion Items and Key Issues

1. General Updates
 - 1.1. Debrief from the October Climate Action Team (CAT) Meeting
 - 1.1.1. The Ag update at the CAT meeting was greatly successful and the fundamental misunderstanding about the approach this group is taking was bridged.

- 1.1.2. The CAT Co-Leads are meeting on Wednesday, October 22 and will decide if the CAT report will include any mention of Ag or Forestry. As of now, it appears it will not.
- 1.2. Process for Inclusion in the HB2815 Comprehensive Report
 - 1.2.1. As noted at the beginning of the process, the Ag and Forestry recommendations will not move forward under guidance of the CAT. Rather, the Washington Department of Ecology has been given the administrative responsibility of drafting a comprehensive HB2815 report to the legislature. The final Ag Recommendation Package will be included as an appendix to this report. In addition, a section of the report will cover cap-and-trade, including offsets. There will be a dedicated paragraph in this section on the overall ASCMW recommendations, with reference to the complete package.
- 1.3. Striving for Consensus
 - 1.3.1. One ASCMW entity has voiced last-minute concerns over portions of the final recommendations which may lead to that entity not signing on to the final document. The goal of this meeting is not to create wholesale changes to the existing document, rather to clarify the language as much as possible to address any outstanding concerns with the intent of reaching consensus in the end.
2. Outstanding Issues Discussion
 - 2.1. Additionality
 - 2.1.1. All of the recommendation areas are based on an approach of basing offsets on the measured change in carbon stored in the soil. It is a performance versus practice based view, and is stricter than the current approach to additionality, as it measures the baseline change in carbon stored.
 - 2.1.2. **The Workgroup agreed** to the above as a valid and defensible view of additionality, and that a few sentences or paragraph should be added to the assumptions or executive report clearly and explicitly stating the approach to additionality taken in all the recommendation areas up front. In addition, the sections on additionality in each of the recommendation areas should be reviewed and amended for conciseness and consistency.
 - 2.1.3. **The Workgroup agreed** the baseline date of July 1, 2008 used in the draft recommendations was in fact, not appropriate and should be removed. The baseline date from which new carbon storage is measured would be the execution date of the offset contract. Thus, no previously stored carbon would be creditable.
 - 2.1.4. **The Workgroup agreed** to remove all criteria definitions from the definition table and to revamp the Assumptions and Complementary Policy Statement section to address all the offset criteria up front. This section could then be referenced throughout the recommendations, providing a consistent definition and approach.
 - 2.2. Permanence
 - 2.2.1. The Ag Sector should be looked at differently than forestry. A hundred year time-frame would be meaningless in the context of Ag considering significant changes in practices, e.g. horses were the primary farming method used a hundred years ago.
 - 2.2.2. The easiest way to address permanence is by including it in the offset contract. It is a policy decision to hammer out who would be held liable for carbon released – the buyer or the seller.
 - 2.2.2.1. This approach shows the ASCMW is cognizant of the issue, has identified a way to address it, and has set the stage for the related policy discussions.
 - 2.2.3. **The Workgroup agreed** to include language that recognizes the issue of permanence, identifies it as a policy issue, and recommends that the appropriate mechanism to address the issue is to include it in the contracts.

2.3. Leakage

2.3.1. Leakage is the concept that performing one action could cause a different reaction somewhere else.

2.3.2. The Assumption section already includes language addressing this issue stating that all emissions should be accounted for and consequent increases in another emission should be discounted.

2.3.2.1. **The Workgroup agreed** to split assumption two into two separate statements for clarity, include language that consequent changes could be positive or negative, and identifying negative changes specifically as “leakage.” The words “technologies or practices that target” should also be removed from the first sentence.

2.4. Dyed Diesel

2.4.1. There will be a struggle to bring transportation under the cap by 2015.

2.4.2. A “short term” credit should be allowed for dyed diesel until it falls under the transportation cap. If it never comes under the cap, then the credit will become more permanent – only time will tell.

2.4.3. **The Workgroup agreed** to combine the dyed diesel recommendation into one recommendation for offset credit to be given for dyed diesel until the fuel becomes part of the capped sector, and is thus accounted for elsewhere.

2.4.3.1. The anaerobic digester section needs to be reviewed for mention of transportation fuels and amended accordingly.

2.5. Other Issues

2.5.1. **The Workgroup agreed** the overall recommendations in the Executive Summary should be amended to read as follows:

- *Agriculture should be allowed to provide greenhouse gas emissions reduction offsets into a regional cap and trade system in order to incentivize widespread use of climate friendly management practices.*
- *Additionality and baselines should be determined and established in ways that reflect the inherent variability and diversity of Washington agriculture.*
- *Reasonable expectations for measurement, monitoring, and verification should be established.*

3. Consensus Vote

3.1. The ASCMW took a consensus show-of-hands vote on the Final Recommendation Package.

3.1.1. Assuming all the changes agreed to at this meeting are incorporated into the Final document, all members present at the meeting agreed to signing on to the Final Recommendations, resulting in a consensus vote.

3.1.1.1. Per the next steps below, members will have a chance to review the final Final Recommendations Package, prior to submission.

Next Steps and Agreements:

1. The Co-Leads and Ross and Associates will incorporate all the changes discussed at this meeting into the Final Recommendation Package, including restructuring the Assumptions section to address all offset criteria. The Final Package will be distributed to the ASCMW for fatal flaw review by close of business (COB) Monday, October 27.
2. ASCMW members will have until COB Thursday, October 30 to identify fatal flaws and/or issue a minority opinion. If no minority opinions are issued, the final document will be released as a

consensus document. Otherwise, it will be released as a majority opinion with the minority statement(s) attached.

3. The Final Recommendation Package will be sent to the Washington Department of Ecology on October 31, 2008.
4. The Co-Leads will draft a paragraph on the overall ASCMW recommendations for inclusion in the 2815 comprehensive report.

Public Comment

1. Dale Cummins, with AgriGreen, LLC stated how impressed he has been by this process.

Concluding Comments

Workgroup members provided the following [non-attributed] concluding comments:

1. I had low expectation coming in with what could be accomplished but am very pleased with the end document and never thought we would get here. It remains unclear what will happen next, but I am confident we did our job.
2. I commend the group for their hard work and believe the final document has already begun to make changes. I thought the Ag Sector was out of the offset conversation, but now I know that it is back in a big way.
3. I am impressed with what reasonable people can accomplish.
4. Often these types of committees start strong and then go nowhere – that was not the case with this group. Even if the final recommendations do not go anywhere, the process allowed many elements from the Ag sector to come together resulting in precedent-setting consensus. A number of national organizations have ducked the issue of Ag offsets because fear of the complexity involved and an unwillingness to engage. No other Ag group has come out with anything as comprehensive, specific, and well-thought out as this group's recommendations and this document will be held up nationally as the right way to pursue this issue.
5. I am proud to stand up with these final recommendations when it comes time to go to the legislature.
6. A number of CAT members have said this group achieved something they never expected could be accomplished.
7. Thank you especially to the producers for attending meetings and participating in this process at the worst possible time of the year [during peak harvest].