

January 19, 2010

Below is a summary of the Stabenow agriculture title of the Senate Climate bill that Cullen Brady at Sustainable NorthWest prepared. It gives a quick update on climate legislation (as of earlier this year) and then discusses the provisions in Stabenow's bill.

From Cullen:

Below is my summary of the Stabenow bill that addresses the agricultural aspects of climate change mitigation through a cap-and-trade system. This bill, S. 2729, was introduced on November 4, 2009. It currently sits in the Senate Agricultural Committee and is intended to replace the "Ag Title" of the Kerry-Boxer bill. Sen. Stabenow is incredibly influential in this debate as she currently serves on the Senate Agriculture, Nutrition and Forestry Committee as well as the Senate Energy and Natural Resources Committee and Senate Finance Committee, all three of these committees have some sort of jurisdiction over the eventual climate change legislation that will come out of the Senate.

Now a few sentence overview of where the Senate is on Climate Change: It is important to note that "cap-and-trade" is hitting brick wall after brick wall in the Senate. There have been three full "solutions"/"framing bills" introduced (Kerry-Boxer, Kerry-Lieberman-Graham and Cantwell-Collins) in the Senate and all are slightly different. With the health care bill fight not yet completed and we are now in an election year, it is getting to be increasingly difficult to collect the necessary 60 votes to move on any of these framing bills. We also have the EPA regulation of GHG's moving ahead, per Supreme Court ruling. The White House has repeatedly said that they would prefer a legislative solution, rather than a regulatory one. The EPA, however, is now required to move forward, although they are intentionally moving very slowly in order to allow for a legislative solution to be created. The House passed their Climate Bill in June of 2009 - Waxman-Markey. There will also be a "(renewable) Energy Bill" and "Jobs Bill" that we will see this session. Climate will certainly be a key component if not the main component of both of these bills and may actually carry the bulk of a climate bill within them. Stay tuned ...

----- Stabenow Bill, S. 2729 -----

The Bill titled The Clean Energy Partnership Act aims, introduced by Sen. Stabenow (D-MI) to "create partnerships among manufacturing, utilities, agriculture and forestry to reduce costs now as we transition to a clean energy economy tomorrow." Co-sponsors of the bill include moderate Democrats who represent rural and manufacturing states (e.g. Harkin (D-IA), Klobuchar (D-MN), Brown (D-OH) and Begich (D-AK)). Having the support from this group is essential to the passage of any Climate bill that makes it through the Senate. Max Baucus (D-MT), the only Democrat on the environment committee to vote against passing Kerry-Boxer, is also a co-sponsor of the Stabenow bill.

The bill first creates an offset credit program. In the creation of this program it will create a division of authority between USDA and EPA over an offset program. This means that The U.S. Department of Agriculture has primary authority over domestic

agriculture and forestry projects, and the Environmental Protection Agency has primary authority over all other types of projects.

The Stabenow bill lists specific eligible offset types which include agricultural, grassland and rangeland: Coalmine methane, landfill gas and fugitive emissions from the oil and gas sector, afforestation and reforestation of acreage not forested as of Jan. 1, 2009, forest management and reduced deforestation, carbon capture and storage, recycling and waste minimization projects, projects relating to agricultural, grassland and rangeland management, animal management practices and urban tree-planting. It also includes a recognition of carbon offsets projects from better forest management, with appropriate crediting for wood products.

The bill also creates rewards for early actors. Offset projects, registered in existing regulatory or voluntary programs that meet minimum federal standards, will be rewarded with offset credits or incentive payments.

**Flexible Carbon Contracting:** Flexible contracting tools will enable broader participation in offsets because landowners can enter carbon contracts of varying lengths, while also providing the necessary long-term carbon storage.

**The bill also establishes the Carbon Conservation Program:** This new program, provides a range of flexible incentives, including short-term contracts, for landowners and grazing contractor holders to achieve carbon reductions where offset markets cannot be easily applied. Projects under this program are not eligible for offsets. It will aim to improve management of privately-owned agricultural land, grassland and forest land that results in an increase in carbon sequestration. This incentive program will also provide landowners with incentives that will avoid conversion of land that would have resulted in an *increase* of GHG emissions or a loss of CO<sub>2</sub> sequestration.

Through this program, the Secretaries shall provide incentives for projects/activities that reduce or sequester CO<sub>2</sub> through: conservation easements (priority given to projects within the boundary of a working farm or ranch -- 30% of fund will be allocated for conservation easements), sequestration contracts (priority for early adopters, most carbon stored per acre basis), timber harvest or grazing contracts with USDA or DOI or a combination of these methods. Through the administration of these provisions, the structure of the program will ensure there is technical expertise and capacity to work with landowners. All compensation that will be provided through this fund is commensurate with the amount of reductions obtained and/or avoided and the estimate of the amount of cost of the project/activities that were undertaken. All of these activities will be coordinated, by the USDA, with any activities that are carried out via CRP, WRP, FRPP, GRP, state and private forestry programs of the FS, HFRP, among others. The DOI will coordinate activities with LWCF and other adaptation programs. The bill also establishes the Carbon Conservation Fund within the Treasury, but does not outline/require a specific amount of appropriation.

The bill defines that life cycle GHG emissions associated with the production and use of biofuels, bioproducts, and bioenergy may be significantly lower than the emissions associated with the production and use of fossil fuels. (This is a huge shift in how Congress and markets would address bio- energy. This definition basically says that

biofuels are lower than fossil fuels in life cycle emissions. Some argue that this isn't accurate when the entire chain of production is taken into account, nevertheless...) It also outlines that Congress supports expanding the production and use of biofuels/bioenergy to offer a significant opportunity for rural economic development and enhancing nat'l energy security. S.2729 establishes a Rural Clean Energy Resources Fund in the Treasury to carry out the Rural Energy for America Program under section 9007 of the Farm Security and Rural Investment Act of 2002. Of which, not less than 20 percent of the funds provided must be used for grants to bio-refineries and 60 percent to provide loans. Also, amends the Farm Security and Rural Investment Act of 2002 to define eligible entity as a biorefinery, a power plant or manufacturing facility that has the capacity less than 75MW and located in a rural area.

Finally, this bill dedicates allowances to carry out research and demonstration activities regarding: approaches to sequester carbon, reduce methane emissions, reduce nitrous oxide emissions, adaptation to maintain productivity of agriculture and forestry practices and research of new approaches to soil sequestration such as biochar.

As far as support for this bill going forward, here is a list of groups and organizations who have already voiced their support for S.2729 (from Stabenow's Senate web site):

National Milk Producers Federation  
National Farmers Union  
National Corn Growers Association  
National Cattlemen's Beef Association  
American Farmland Trust  
National Alfalfa & Forage Association  
Dow Chemical Company  
Duke Energy  
American Electric Power  
PG&E Corporation  
Dominion  
John Deere  
Business Council for Sustainable Development  
Coalition for Emission Reduction Projects  
Generators for Clean Air  
National Association of Forest Owners  
American Forest Foundation  
Binational Softwood Lumber Council  
Conservation Forestry  
First Environment, Inc.  
Forest Guild  
Hardwood Federation  
Lyme Timber Company  
Maine Forest Service  
National Alliance of Forest Owners  
National Association of State Foresters  
National Association of University Forest Resource Programs

National Hardwood Lumber Association  
Society of American Foresters  
Weyerhaeuser  
The Nature Conservancy

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I hope this helps in looking for angles and/or broader strategies to support areas in pending climate change legislation that will advance the goals of the working group. Let me know if you have any questions.

-Cullen

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