

**Committee on Agriculture
U.S. House of Representatives
Biographical Form**

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If you are responding on behalf of an organization, please list the capacity in which you are representing that organization, including any office or elected position you hold or if you are a volunteer.

Director of Government Affairs, Environmental Policy

Part I: Carbon Reduction Program Design

- 1) Members of Congress have introduced numerous bills to address the wide spectrum of climate change issues. Do you think Congress should enact a program that uses carbon taxes/fees, a cap-and-trade program, or a hybrid of these two approaches? Why?

Please respond in 600 words or less.

A cap-and-trade program is the most effective approach. It sets up a market based system to provide the least cost means to deliver the greatest greenhouse gas reductions possible. A cap-and-trade program that allows agriculture and forestry sequestration to offset capped sector emissions also provides a potential multi-billion economic benefit for farmers, ranchers and foresters.

- 2) Should the agriculture and forestry sectors be covered under a carbon reduction program? Why or why not?

Please respond in 300 words or less.

Agriculture and forestry should not be considered as a capped sector. Agriculture and forestry emissions are too small and diffuse to regulate in a cost effective manner. They should, however, be allowed to sell offsets to capped entities which will lower the overall cost of compliance to the economy.

- 3) If a cap-and-trade program is chosen, how should emission allowances be distributed? For example, should they be at no cost, auctioned, or a combination of both? How should Congress prioritize the distribution of available allowances? Should allowances for the agricultural and forestry sectors be allocated at no cost, if so, should there be a limit on the number of no-cost allowances?

Please respond in 600 words or less.

Initially, there should be a balance between the distribution between free allowances to mitigate against economic impacts and auctioned allowances. The distribution of allowances should be prioritized to result in the lowest cost to the economy. Allowances for the agriculture and forestry sectors should be allocated at no cost to projects that may not yet qualify to participate in an offset market but have future potential for greenhouse gas reductions. They should also be distributed to early actors who were reducing or sequestering carbon before the program was enacted.

- 4) Should a cap-and-trade program or a carbon tax/fee program be linked to existing or emerging U.S. regional or other carbon reduction programs (i.e. RGGI or individual state programs)? If so, which programs and why?

Please respond in 600 words or less.

A cap-and-trade program should pre-empt various voluntary programs currently in existence. Projects initiated under these programs should be allowed to move forward under a cap-and-trade program if they meet the criteria established to ensure that credits are real, verifiable, and credible.

- 5) If a cap-and-trade program is established, should an existing government agency regulate it or should a new agency be created? Please explain.

Please respond in 300 words or less.

A collaboration among existing agencies should be utilized to administer the program. While the Environmental Protection Agency should have authority to administer the larger cap-and-trade program, the US Department of Agriculture should exercise the statutory authority provided to them in the 2008 Farm Bill to administer the development and implementation of agriculture and forestry offset policies. In addition, USDA has the best organizational ability through CSREES and NRCS to provide educational and technical information directly to the agricultural and forestry communities.

- 6) If a derivatives or futures market in carbon reduction arises in the wake of the creation of a cap-and-trade program, should the Commodity Futures Trading Commission (CFTC) continue its role as the regulator of this derivative carbon market, or should there be a different regulator? Please explain.

Please respond in 300 words or less.

The CFTC should be the regulator of the derivatives or futures markets as provided in the Derivatives Markets Transparency and Accountability Act of 2009. They should also work closely with USDA to make sure the development of offsets policies are designed to maximize credits for carbon sequestration.

- 7) Currently, derivatives of energy-based commodities can be traded through: a) highly structured instruments on regulated, transparent futures markets accessible to anybody and anyone; b) flexible instruments on lightly regulated, transparent derivative markets accessible to only major market participants, or; c) flexible instruments on unregulated, opaque over-the-counter markets accessible only to major market participants.

Should derivatives markets in carbon reduction arising in the wake of the creation of a cap-and-trade program also be permitted to develop under similar options as for energy-based commodities?

Please respond in 600 words or less.

Yes. The system should provide the transparency, oversight and structure that allows for verifiable greenhouse gas reductions while allowing economic growth.

- 8) Will enactment of a carbon reduction program have negative impacts for regions or populations whose welfare is of special interest to the agriculture community? Such groups could include: residents of rural areas; populations served by USDA nutrition programs; agricultural producers and

forest landowners; or input, transportation, and processing sectors of agriculture and forest products.

Please respond in 600 words or less.

It depends upon whether the carbon reduction program is carried out through legislation or regulation. In response to the Supreme Court decision in *Massachusetts v. Environmental Protection Agency*, EPA is poised to make an endangerment finding which will then trigger regulations that will cap the emission of more than 100 tons of carbon per year by any entity. That's the equivalent of about 25 dairy cows. For a modest herd of 167 cows, requiring permits costing a minimum of \$45 each will cost that farmer \$24,955 per year. And that's just for the cows.

Legislation, on the other hand, can be fashioned in such a way to provide both an economic benefit through the sale of agriculture and forestry carbon credits and use of the allowance pool to mitigate against any possible increases in input costs.

- 9) How might revenue generated under a carbon reduction program be best used to offset any negative impacts?

Please respond in 300 words or less.

One way is to provide revenue to the agriculture and forestry sectors from the sale of allowances and offsets. Secondly, they should be provided to those sectors that have the highest potential to be impacted by any increases in energy or other input costs.

- 10) Should businesses that are affected (either indirectly or directly) by higher overall costs due to a carbon reduction program receive transitional assistance?

Please respond in 300 words or less.

Yes. A robust carbon offset program is the best way for keeping potential costs to the economy low and revenue from the sale of allowances can be provided to those impacted.

- 11) What role should public lands play in helping to sequester carbon and/or reduce greenhouse gas emissions?

Please respond in 300 words or less.

All lands and forests can and should play an appropriate role.

- 12) Should carbon prices be determined exclusively by market forces or should limits on carbon prices be established? Please explain.

Please respond in 600 words or less.

Price should be determined by market price and the availability of credits, which is why there needs to be a robust program of developing credit generating projects to keep the

supply high and the cost relatively low. An artificial limit on carbon prices places an artificial limit on farmer participation in an offsets market.

- 13) What, if any, lessons can be learned from the European Union's Emission Trading System (ETS) or any other carbon reduction program already underway or being developed? Do any international carbon reduction programs currently exist for agriculture and forestry?

Please respond in 600 words or less.

The EU-ETS currently does not include agriculture or forestry offsets so costs are higher and has limited the EU in implementing low cost reduction strategies.

Part II: Carbon Reduction Program Administration and Implementation

The administration and implementation of an offset or allowance program will be a major topic during any potential climate change discussion. Please answer the following questions regarding the scale, scope, and limitations of any program as part of the larger carbon reduction debate.

- 14) What options or combination of options would be most effective for agriculture and forestry sectors in a carbon reduction program: a voluntary offset program, bonus allowances for selected agriculture and forestry activities, or agreed upon performance standards for segments of the agriculture and forestry sectors?

Please respond in 600 words or less.

All of the above. Having USDA develop protocols for offsets should be strict enough to ensure that quality offsets are being created but not so strict that they unduly limit participation in a carbon market.

- 15) Should the total number of offsets issued annually by the government be limited? If so, how much?

Please respond in 300 words or less.

I believe those who argue that offsets should be artificially limited take that position because they fear the offsets being created are not real, credible and verifiable. The better position is to have a system that can create real, credible and verifiable offsets, and then do not limit the number of offsets. If a limit is necessary, I would recommend a limitation in the range of 2 to 3 billion tons annually.

- 16) How should Congress prioritize the distribution of available offsets (who gets them and how much)?

Please respond in 600 words or less.

Congress should not be prioritizing the distribution of offsets. The market should determine who can engage in the sale of qualified offsets and at what price. These should be private contractual transactions between the provider and the buyer of offset credits.

- 17) What should the criteria be for measuring (quantification, verification, and monitoring) and accounting for the legitimacy of offsets under the program?

Please respond in 600 words or less.

Much work has been done in this area particularly through institutions such as Kansas State University, Colorado State University and others. USDA should draw on the work already done as they begin developing protocols for measurement, monitoring and verification as they have been directed by statute to do through the 2008 Farm Bill. The criteria should be stringent enough to produce real, credible and verifiable credits with real value but not so stringent that they discourage participation.

- 18) What should be the criteria for assessing offset projects?

Please respond in 300 words or less.

The criteria developed pursuant to the Environmental Services Markets provisions in the 2008 Farm Bill

- 19) How should Congress design a system for verifying offset projects?

Please respond in 300 words or less.

Congress has already done this through the Environmental Services Markets provisions in the 2008 Farm Bill, particularly the provisions requiring the USDA Secretary to consider the role of third parties in conducting independent verification of benefits produced for environmental services markets.

- 20) Should Congress establish a standards-based approach with pre-calculated values or a project-based approach that measures field results for establishing eligible offsets under the program?

Please respond in 600 words or less.

A standards-based approach should be utilized in the development of the protocols under the Environmental Services Markets provisions of the 2008 Farm Bill and project based information used to improve the accuracy of the standards.

- 21) What should be the relationship between offsets and allowances?

Please respond in 600 words or less.

There should be both a robust market for selling offsets as well as an allowance pool to be used to mitigate against any potential input increases for various sectors.

- 22) Describe the most important factors in establishing the permanence and duration of offsets under the program, including contract length and flexibility?

Please respond in 300 words or less.

I would encourage the use of the term duration rather than permanence and the duration should be set by contract, perhaps 5 to 10 years for soil carbon sequestration and a longer period for forestry sequestration. Contracts should be sufficiently flexible to recognize Acts of God or unintentional reversals with the loss of carbon being substituted with credits "banked" in a buffer pool. Insurance similar to crop insurance is also an option to cover unintentional reversals. For intentional reversals, contractual damages or other appropriate penalties may be considered.

- 23) How should Congress address existing offset projects or credits established through a voluntary market or system (e.g., the Chicago Climate Exchange or an emission registry)?

Please respond in 600 words or less.

If credits developed under voluntary programs such as CCX meet the protocols of a new cap-and-trade program, they should be traded as appropriate. Those that don't meet the new standards could be compensated through the allowance pool but should not be allowed to participate in the cap-and-trade market in order to maintain the environmental integrity of the program.

- 24) The terms "additionality" and "stackability" are often used when discussing the details of an offset program. How should producers and forest landowners who may have been early-actors and already undertaken activities that sequester carbon or reduce greenhouse gas emissions be treated? Should activities undertaken to reduce carbon emissions also be allowed to count towards other environmental market activities, such as water quality or wildlife habitat creation, therefore allowing landowners to "stack" credits?

Please respond in 600 words or less.

Revenues from the allowance pool could be used to compensate early actors. Any activity that reduces greenhouse gas emission and has additional environmental benefits such as water quality or wildlife habitat should be allowed to be stacked and credited appropriately from markets for environmental services.

- 25) How should activities that may have been paid for in part by assistance from Federal or state government programs (i.e. cost share, technical assistance) be treated? How should those activities be treated if the practice was not specifically implemented to address carbon sequestration or greenhouse gas emission reduction?

Please respond in 300 words or less.

Any project that meets the measurement, monitoring and verification protocols should be allowed to be sold on the carbon market regardless of the original intent of the project. Projects carried out pursuant to a Federal or state government program would probably not be considered as additional under most proposals

- 26) Should a producer be required to return revenue or be held liable if an offset project does not sequester carbon or reduce greenhouse gas emissions? How about in the event of a natural disaster or another event uncontrolled by the producer and/or landowner?

Please respond in 300 words or less.

Unintentional reversals due to Acts of God should not be addressed through contractual liability but the lost carbon could be compensated for by establishing a buffer reserve holding unused credits. Intentional reversals could be addressed through contract damages or other appropriate penalties

- 27) Should the protocols and procedures for the offset program be detailed in legislation, or should authority be delegated to the appropriate government agency to develop regulations? If so, which agency or agencies should be responsible for devising protocols and procedures?

Please respond in 300 words or less.

Authority to develop protocols and procedures have been delegated to USDA under the Environmental Services Markets provisions of the 2008 Farm Bill.

- 28) What are the obstacles faced by agricultural producers and landowners to implement practices and technologies?

Please respond in 600 words or less.

Education and access to technical expertise from individuals experienced in developing carbon sequestration projects. The costs of measurement, monitoring and verification must be covered in a way that makes economic sense in order for farmers and foresters to participate.

- 29) Do existing conservation and forestry programs provide sufficient incentives to encourage the adoption and implementation of practices that mitigate climate change impacts, sequester carbon and/or reduce greenhouse gas emissions? If not, what might Congress consider offering as additional financial incentives and technical assistance to speed up adoption/implementation?

Please respond in 300 words or less.

There are no existing conservation or forestry programs that have the standards and protocols necessary to allow producers to participate in a mandatory cap-and-trade program. Financial and technical incentives should be included to speed up adoption and implementation of an agriculture and forestry offsets program.

Part III: Carbon Reduction Program Additional Thoughts

Please use the next 1000 words to provide additional comments on subjects which may not be have covered by the questionnaire, such as a low-carbon fuel standard, life-cycle analysis, leakage, or biofuel incentives.

Please list specific types of *forestry practices* that should be available as offsets, and then use the terms provided to evaluate the practices.

Type of Practice	Effectiveness at sequestering carbon or reducing GHG emissions (<i>Excellent, Good, Moderate</i>)	Ability to verify carbon sequestration or GHG emission reductions (<i>Excellent, Good, Moderate</i>)	Cost for agricultural producers and private forestland owners to implement (<i>High, Medium, Low</i>)	Capacity of agricultural producers and private forestland owners to implement immediately (<i>High, Medium, Low</i>)

Please list specific types of *practices associated with livestock operations (e.g. manure management, grazing/pastureland practices)* that should be available as offsets, and then use the terms provided to evaluate the practices.

Type of Practice	Effectiveness at sequestering carbon or reducing GHG emissions (<i>Excellent, Good, Moderate</i>)	Ability to verify carbon sequestration or GHG emission reductions (<i>Excellent, Good, Moderate</i>)	Cost for agricultural producers and private forestland owners to implement (<i>High, Medium, Low</i>)	Capacity of agricultural producers and private forestland owners to implement immediately (<i>High, Medium, Low</i>)

Please list specific types of *crop production practices* that should be available as offsets, and then use the terms provided to evaluate the practices.

Type of Practice	Effectiveness at sequestering carbon or reducing GHG emissions (<i>Excellent, Good, Moderate</i>)	Ability to verify carbon sequestration or GHG emission reductions (<i>Excellent, Good, Moderate</i>)	Cost for agricultural producers and private forestland owners to implement (<i>High, Medium, Low</i>)	Capacity of agricultural producers and private forestland owners to implement immediately (<i>High, Medium, Low</i>)
Reduced or zero tillage	Good	Good	Medium/Low	High/Medium
Nitrogen use efficiency crops	Excellent	Excellent	High/Medium	Medium
Restoration of organic soils	Excellent	Excellent	Medium	Medium
Restoration of degraded lands	Good	Good	Medium	Medium
Agronomy	Good	Good	Medium/Low	High

