Agriculture and Forestry Provisions in the Climate Bill

How the Program works:

USDA will be exclusively in charge of implementing and operating the agriculture and forestry offset program. USDA will be able to capitalize on its nationwide network of field offices, research capabilities, scientific experts and conservation partners to establish and operate the agriculture and forestry offset program.

Any producer or forestland owner who is interested in participating in the offset program will be required to have an approved plan of practices that will sequester carbon or avoid or reduce greenhouse gas emissions. Once that plan is approved, implemented, and verified the producer will be able receive an offset credit from USDA to sell in the market place to utilities, refiners, or other firms subject to limitations on greenhouse gas emissions.

Who is eligible?

Participating producers will carry out practices that sequester or avoid greenhouse gas emissions.

Producers who have previously participated in voluntary offset programs will be eligible to participate and earn offset credits for activities with continuing benefits.

Practices, such as no-till farming and avoided deforestation, will be available to earn offset credits under the new program, as long as they were started after 2001 and result in additional greenhouse gas reduction.

Producers who have chosen to participate in USDA conservation programs will not be penalized or barred from the offset program.

Producers living in regions with strict regulatory controls will not be automatically disqualified from the offset program and will be granted flexibility to carry out further practices that address water, soil, and air quality.

Markets:

The trading of derivatives for emission allowances, offset credits, or renewable electricity credits is required to occur on CFTC-regulated markets. Trading these derivatives in unregulated "dark markets" is prohibited (to be included in the Manager’s Amendment).

Exemption:

The agriculture and forestry sectors will be exempt from the bill’s greenhouse gas emission reduction requirements.

RFS:
The definition of renewable biomass has been harmonized with the definition negotiated under the 2008 Farm Bill for private lands. Environmental safeguards for those materials currently found on public lands are preserved.

In implementing Renewable Fuel Standard (RFS) provisions of the 2007 Energy Bill, EPA penalized biofuels producers by requiring that greenhouse gas emissions from international indirect land use changes be charged against biofuels' eligibility for the RFS. ACES will prohibit EPA from continuing to impose such a penalty. Instead, a five year study by an independent panel will be done to determine if ILUC should be used in Federal regulations. After the study is completed, the Secretaries of Agriculture and Energy and the EPA Administrator must make a joint determination to accept or reject the study. After a determination is made, there is a one year period in which Congress may act.

Biodiesel facilities built before the 2007 Energy Bill was implemented will be exempted from the lifecycle analysis requirements in the 2007 law, which is the same exemption that corn-based ethanol plants received when the bill passed.