



January 13, 2020

Chief Matthew Lohr
Natural Resources Conservation Service
U.S. Department of Agriculture
1400 Independence Ave., SW, Room 5105-A
Washington, DC 20250

Docket Number: NRCS-2019-0020-0002

Dear Chief Lohr:

Thank you for the opportunity to comment on the interim final rule for the Conservation Stewardship Program (Docket Number: NRCS-2019-0020-0002). The Ecosystem Service Market Consortium's (ESMC) mission is to advance ecosystem service markets that incentivize farmers and ranchers to improve soil health systems that benefit society. ESMC is a member-based organization launching a national scale ecosystem services market for agriculture to recognize and reward farmers and ranchers for their environmental services to society. ESMC members represent the spectrum of the agricultural sector supply chain with whom we are scaling sustainable agricultural sector outcomes, including increased soil carbon, reduced net greenhouse gases (GHG), and improved water quality and water use conservation. USDA, and specifically NRCS programs, technical assistance and science-based standards can play an instrumental role in our efforts.

NRCS and conservation districts have a long and successful history of providing farmers and ranchers with assistance on conservation planning, installation of practices, technical expertise and cost share assistance. The expertise of NRCS and district staff provides farmers with a trusted source of information and guidance. We appreciate the opportunity to provide comments on the most recent changes made to CSP based on the 2018 Farm Bill and the operation of the program and areas for continued collaboration and alignment.

ESMC members and stakeholders include a wide range of agricultural businesses, farmer-led associations, farmer check-offs, farmer cooperatives, conservation organizations, foundations, universities and research institutes including: ADM, Almond Board of California, American Farmland Trust, American Soybean Association, Anuvia Plant Nutrients, Arizona State University, Arva Intelligence, Bayer, Bunge, Cargill, Conservation Technology Information Center, Corteva Agriscience, Danone North America, Farm Foundation, Field to Market: The Alliance for Sustainable Agriculture, Foundation for Food and Agricultural Research, General Mills, General Mills Foundation, Impact Ag Partners, K-Coe, Land O'Lakes Inc, Mars, Inc., McDonald's USA, McKnight Foundation, National Association of Conservation Districts, National Corn Growers Association, National Farmers Union, National Fish and Wildlife Foundation, NativeEnergy, Nestle, Newtrient, LLC, Noble Research Institute, LLC, Nutrien, OpenTEAM, Pivot Bio, Sand County Foundation, Soil Health Institute, Soil Health Partnership, Syngenta, Tatanka Resources, The Fertilizer Institute, The

Nature Conservancy, Tri-Societies, Tyson Foods, United Soybean Board, USDA Natural Resources Conservation Service, Walton Family Foundation, World Wildlife Fund

ESMC's Ecosystem Services Market (ESM) program will enable farmers and ranchers to voluntarily adjust crop and livestock production systems in ways that increase soil carbon sequestration and retention, improve water quality, conserve water use, and provide many additional ecosystem service outcomes. ESMC's program allows producers to choose only those changes they desire to undertake, and as few or as many as they select, with the understanding they will be paid based on outcomes. The program is currently in development with piloting and deployment prior to full market launch in 2022. ESMC will quantify ecosystem services impacts in a verified and certified program and monetize the impacts as ecosystem services credits or attributes of value to demand side buyers. Farmers and ranchers are paid for desired outcomes, and the attributes or credits are sold in a national ecosystem services market to entities seeking to reduce their environmental impacts.

As interest grows in supply chain sustainability and consumer awareness of how agricultural goods are produced, demand for the quantification of a farmer or rancher's conservation practices is increasing. ESMC is building on the strong conservation ethic in farming and ranching established by NRCS to quantify benefits of conservation practices, providing financial value to farmers and ranchers through commercial ecosystem markets. NRCS programs such as CSP provide the building blocks for farmers to engage in ecosystem markets. ESMC is providing the next step value proposition for farmers to monetize the environmental outcomes of their conservation practices.

ESMC Recommendations

CSP enhancements focusing on soil health create benefits for farmers through more productive and resilient soils. By sequestering carbon these enhancements also benefit society by drawing down atmospheric greenhouse gas emissions. ESMC recommends that:

- CSP soil health enhancement bundles should be expanded to include support for measurement of environmental benefits of conservation practices adopted.

The data collected will enable markets to expand and reach more farmer and rancher participants and quantify the environmental impact of on-farm conservation activities.

- CSP enhancements should be developed that will compensate farmers for participation in emerging sustainability tools and platforms such as Field to Market's Field Print Calculator, the Nutrient Tracking Tool or the DNDC model, all of which can provide farmers and conservationists with important baseline data.
- NRCS should clarify the soil health attributes that are being measured through NRCS soil health testing.

With many definitions and approaches to soil health across the agricultural landscape, NRCS tests should be clear and transparent and regionally appropriate for all production area and cropping systems.

- NRCS should provide several options for soil health enhancements in CSP.

The 2018 Farm Bill requires the program to be managed for soil health benefits. To achieve this directive from Congress, NRCS should clearly articulate the standards for soil health measurements, attributes and applicability of soil health testing for all US production systems.

- The new provisions in the 2018 Farm Bill allowing for one-time payments for conservation planning should also include comprehensive plan development for participation in ecosystem services markets.

Ecosystem services management plans will allow farmers to seek additional revenue streams for their conservation practice adoption. This approach would be consistent with section 1470.37 Environmental Credits for Conservation Improvements of the interim final rule.

- CSP enhancements should incorporate new technology(ies) and advancements in agricultural production such as:
 - Advanced nutrient management enhancements that focus on the implementation of nutrient management plans including soil testing, stalk testing, equipment calibration;
 - Manure analysis and the use of manure to improve soil health; and
 - New approaches to livestock feed management and feed amendments that can reduce enteric emissions and subsequently reduce greenhouse gas emissions from livestock production.

NRCS should remain active in the development of new technology and innovation in agricultural production and producers should have a greater variety of enhancement options that reflect these innovation and advancements.

The new Conservation Application Ranking Tool (CART) appears to have great potential to support producers and streamline workload in ranking producer applications across programs. Technology use in agriculture production provides more information and data analysis directly to producers. But the data interpretation, providing producers usable information in a manner that is concise and actionable has the most value to farmers and ranchers. If CART can provide analysis to farmers and ranchers that allows them to understand the impact of different conservation practices and the value of making changes, the information has greater value to farmers. ESMC and ecosystem markets can help provide that added value to information generated from CART, by adding an additional layer of financial benefits associated with conservation activities. ESMC looks forward to working with NRCS to ensure that data compatibility and data privacy can both protect a farmer's data and provide the farmer with a full picture of the financial and environmental benefits of adopting and maintaining conservation practices.

ESMC is pilot testing its protocols for water quality, water quantity and GHG credits. Our program uses transparent metrics, measurement and modeling to achieve impact at scale across an expected

200-250 million acres of active agricultural production land. Credible, tested models maintain program integrity while allowing ESMC to operate across the U.S. The scale of the ESMC program creates economic feasibility not achieved in past and current markets. Past efforts to establish agricultural trading have not scaled because market rules, transaction costs, project development, quantification, monitoring and verification of credits have been too high. Statistically valid sampling approaches to verify outcomes will be used to ensure the program's science-based, standards-based, and outcomes-based integrity and credibility.

ESMC seeks to continue working closely with NRCS and producers participating in Farm Bill conservation programs. The provisions in the rule and the Farm Bill that support a producer's ability to participate in and receive compensation from a private environmental services market will ensure that farmers and ranchers can participate in both CSP and the ESMC program. Efforts to share information in a manner that protects producer data and with the consent of the producer will facilitate expansion of voluntary ecosystem service markets. We look forward to working with NRCS to develop CSP enhancements that can help build ecosystem markets that can operate at scale.

The success of CSP and other voluntary conservation programs accelerates the emergence of ecosystem markets. ESMC appreciates the opportunity to provide recommendations on approaches that will strengthen CSP and we look forward to working with you to make these efforts a success.

Sincerely,



Debbie Reed, Executive Director
Ecosystem Services Market Consortium