



February 18, 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-2019-0009-0001

Dear Chief Lohr:

Thank you for the opportunity to comment on the interim final rule for the Environmental Quality Incentives Program (Docket Number: NRCS-2019-0009-0001). 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 EQIP 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 Farm Bureau Federation; 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; Farmers Business Network; Field to Market: The Alliance for Sustainable Agriculture; Foundation for Food and Agricultural Research;



General Mills; General Mills Foundation; Impact Ag Partners; K-Coe Isom; Land O'Lakes Inc.; Low Carbon Prosperity Institute; Mars, Inc.; McDonald's USA; McKnight Foundation; National Association of Conservation Districts; National Cattlemen's Beef Association; 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 Ida and Robert Gordon Family Foundation; the Tri-Societies; Trust in Food, a Farm Journal Initiative; The Nature Conservancy; Tyson Foods; United Soybean Board; USDA Natural Resources Conservation Service; Walton Family Foundation and 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 that they will be paid based on outcomes, and the more impact change we can quantify each year, the greater their payments for credits generated. The program is currently in full piloting and deployment stages prior to full market launch in 2022. ESMC's innovative market approach 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. Our program meets multiple, heterogeneous market needs, rather than just one, and creates stacked benefits allowing multiple payments for multiple credits, including for soil carbon, net GHG, water quality and water quantity. Farmers and ranchers are paid for beneficial 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 transparent quantification of a farmer or rancher's conservation practice outcomes 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 practice standards and decision tools such as NTT and APEX, when utilized in conservation programs and planning such as EQIP, CSP and CTA, provide the building blocks for farmers to engage in ecosystem markets. ESMC is providing a full-service marketplace including the tools to participate in a next-generation, value-added program for farmers to monetize the environmental outcomes of their conservation practices.

ESMC Recommendations

EQIP practices focusing on improved soil health create multiple benefits for farmers through more productive and resilient soils. By sequestering additional carbon and building stable reservoirs of soil carbon stocks these enhancements also benefit society by drawing down atmospheric GHG emissions. ESMC recommends that:

- EQIP practices and new incentive payments should include provisions to support the cost of third-party measurement of environmental benefits of conservation practices adopted.



The data collected increases the ability to quantify the impacts of federal funds, can respond to increasing consumer demands for transparency of impact of U.S agricultural systems, and will increase the rigor of quantification of environmental benefits.

- EQIP practices and new incentive payment should compensate farmers for the soil testing and data collection costs of participation in emerging sustainability tools and platforms such as Field to Market's Field Print Calculator and emerging ecosystem markets which can provide farmers and conservationists with important baseline data.
- NRCS should clarify the soil health attributes that are being measured and tracked through soil health testing in EQIP contracts.

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 more options for soil health practices.

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 creating incentive payments in EQIP should align with practices for participation in ecosystem services markets.

Conservation practices encouraged through ecosystem services markets will most likely align with USDA conservation practice standards, and participation in both EQIP and an ecosystem services credit market will allow farmers to seek additional revenue streams for their conservation practice adoption. USDA conservation practice payments typically function as critical up-front financing to enable practices changes that often otherwise face economic or technical barriers to implementation. Combined, the upfront federal financing and the post-outcome market payments can make huge differences in scale of adoption. This approach would be consistent with section 1470.37 Environmental Credits for Conservation Improvements of the interim final rule.

- EQIP practices and conservation practice standards should incorporate new technology(ies) and advancements in agricultural production such as:
 - Advanced nutrient management planning and products. The implementation of nutrient management plans including soil testing, stalk testing, and equipment calibration can inform beneficial activities and outcomes; and new products can improve outcomes;
 - Manure analysis and the application of manure and/or manure-derived products to improve soil health; and
 - New approaches to livestock feed management and feed amendments that can reduce enteric emissions and subsequently reduce GHG emissions from livestock production.



NRCS should remain active in the development of new technology and innovation in agricultural production and systems-based approaches, and producers should have a greater variety of practice options that reflect these innovations and advancements.

ESMC is pilot testing its entire program, including testing and refinement of its protocols for water quality, water quantity and GHG credits generation from working agricultural lands. 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, globally recognized and peer-reviewed models maintain program integrity while allowing ESMC to operate across the U.S. The scale, design innovation, programmatic investments and multi-market functionality 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 and fractured market approaches too narrow. Statistically valid sampling approaches to verify outcomes, and program and asset certification by a leading global certification body 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, conservation districts 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 EQIP and the ESMC market. 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 refine conservation practice programs that can help build ecosystem markets at scale.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Debbie Reed", with a long, sweeping tail.

Debbie Reed, Executive Director
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