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SUBJECT: *Request for Information: Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program (Doc. No. AMS-LP-24-0012)*

ESMC appreciates the opportunity to comment on the Request for Information: Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program (Doc. No. AMS-LP-24-0012).

The Ecosystem Services Market Consortium (ESMC) is a member-based, not-for-profit organization operating a national-scale voluntary ecosystem services market for agriculture to recognize and pay farmers and ranchers for their environmental services to society. Over 65 members, funders, and additional stakeholder organizations participate and contribute to ESMC's public-private partnership, including a wide range of agricultural businesses, farmer-led organizations, commodity organizations, farmer cooperatives, conservation organizations, foundations, land-grant universities and research institutes, as well as the U.S.

Department of Agriculture (USDA), U.S. Department of Energy (U.S. DOE) and the Environmental Protection Agency (EPA).

Our non-profit organization includes a market program, Eco-Harvest, and a research and innovation program, the Ecosystem Services Research Consortium (ESMRC), in which we invest to continually improve and expand our market program into new regions, new production systems, new producer populations, and to improve and bolster ESMC's digitized measurement, monitoring, reporting, and verification (MMRV) platform.

ESMC's Eco-Harvest market program earned program and protocol validation and outcomes ('credits') verification from independent 3rd party auditor SustainCERT in 2022 and is one of only two agricultural carbon programs to achieve this level of certification among scope 3 supply chain programs. SustainCERT certification provides credibility to buyers and sellers and stakeholders: it shows ESMC's Eco-Harvest market program adheres to market standards and rules, while meeting the accounting and reporting requirements of organizations in the agricultural supply chain seeking to show quantified, verified GHG emissions reductions and increased soil carbon removals from scope 3 interventions. This includes ensuring ESMC outcomes are consistent with Greenhouse Gas Protocol (GHGP) accounting and reporting requirements. Verified outcomes from our program (also known as *Impact Units*) are sold to buyers with supply chain commitments, allowing us to pay farmers and ranchers who voluntarily adjust crop and livestock production systems in ways that increase soil carbon sequestration and retention, reduce GHG emissions, improve water quality, conserve water, and provide additional ecosystem service outcomes, such as enhanced biodiversity and habitat conservation.

Together with our members, stakeholders, partners, and funders across the agricultural supply and value chain, we pilot tested the Eco-Harvest program and invested in critical RDD&D to create a national-scale, digitized ecosystem services market program and infrastructure for the agricultural sector. Our market infrastructure supports buyers with needs in scope 3 supply chain reporting and agricultural producers who act as sellers. Our public-private partnership provides a national scale collective engagement platform, programmatic infrastructure (including the MMRV), educational materials, and training programs to sale beneficial ecological outcomes from agriculture.

ESMC applauds USDA for its work to enact the Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program as directed by the Growing Climate Solutions Act (GCSA) and especially appreciates the opportunity for USDA

stakeholders to provide input for the Agency’s consideration. ESMC has significant and unique expertise in the agricultural-, scope 3-, and carbon-market development process, programming, successes and challenges, and is pleased to provide comment.

The following comments reflect the official thoughts and positions of ESMC and do not necessarily represent the positions of ESMC’s entire membership.

COMMENT

Regarding Voluntary Carbon Markets in the Agriculture Sector:

To begin, we would like to address the unique qualities—and necessary considerations—of voluntary carbon markets (VCMs) when applied to the agricultural sector.

From the Growing Climate Solutions Act:

§201(a)(2) AGRICULTURE OR FORESTRY CREDIT.—The term “agriculture or forestry credit” means a credit representing an amount of greenhouse gas emissions from an agricultural or forestry activity that are prevented, reduced, or mitigated (including through the sequestration of carbon) as a result of an agricultural or forestry activity.

§201(a)(10) VOLUNTARY ENVIRONMENTAL CREDIT MARKET.—The term “voluntary environmental credit market” means a voluntary market through which agriculture or forestry credits may be bought or sold.

We reiterate these definitions from the text of the law to illustrate the broad nature of market systems covered; put another way, that any voluntary environmental or carbon market where sellers sell credits, and buyers buy credits from the agriculture or forestry sectors, is within scope of the legislation.

Carbon Inset Markets and Credits

ESMC’s market program, Eco-Harvest, facilitates the buying and selling of a kind of carbon credit often referred to as “carbon inset credits.” This approach is a VCM but differs from carbon offset credit market.

Inset credits represent true, or absolute, emission reductions (unlike offsets, which allow equivalent emissions increases elsewhere). These credits remain within, and exclusively count towards, the emission reduction goals of their sector of origin.

Buyers and sellers in an inset market represent different parts of the same supply chain, within a single sector; that is, inset credits do not cross sectoral, jurisdictional, or temporal boundaries. And, for those companies following Science Based Targets Initiative (SBTi), scope 3 typically constitutes a majority (average of 86%) of corporate footprints, so inseting can be an important opportunity for corporate climate commitments.

Eco-Harvest's carbon inset credits directly reflect on-farm GHG reductions and increased carbon sequestration within agri-food supply chains. These inset credits represent GHG intensity-based units tied to the commodities produced by corporates who purchase agricultural commodities from farmers and ranchers and can only be counted by supply chain users of those products. For instance, a consumer-packaged goods company that buys grain from a producer enrolled in Eco-Harvest can purchase and count the credits linked to that producer's grain to shrink their supply chain GHG footprint. These credits cannot be claimed (or thus, sold) outside of the agri-food sector—so their impacts remain within and are attributable to the agricultural sector.

Carbon Offset Markets and Credits

Carbon offset credits, alternatively, can and often are sold from one sector into another, in which case the accounting rights and emission reductions are then claimed by and for the purchasing sector. Agriculture has become a popular source for these credits (as a “nature-based solution”), especially to buyers in the technology and energy sectors. When this happens, it means that credits representing emission reductions within the agricultural sector are purchased by and then counted towards another sector's emissions reductions and cannot be counted as reductions made by the agricultural sector.

While the credit-purchasing sector can use these offsets to balance its emissions ledger, it creates complications:

- Offset-purchase reductions that are sold into a different sector do not represent real emission reductions within the purchasing sector, meaning that industry or sector is not investing to reduce its own sectoral footprint;
- Offset credits allow emissions to increase elsewhere, i.e., for every 1 ton CO₂e purchased by a company, it can emit 1 ton elsewhere. This means we will not get to Net Zero if we continue to rely on offsets;
- Because offset credits can leave their sector of origin (i.e., agricultural reductions for commodities going into ethanol or low-carbon fuel standard

(LCFS), for instance sold as scope 2 offsets to an energy company), it makes accounting for sector-level emission reductions, and progress made towards Net Zero goals, uniquely difficult to assess.

- Such cross-boundary credit sales compete with scope 3 supply chain reductions from being counted towards efforts to reduce indirect scope 3 agricultural supply chain emissions and can compete with a corporations' commitments and obligations to achieve emissions reductions within its supply chain – which generally account for 90% or more of a food and beverage company's entire GHG footprint.

Offsets are not without merit; they can be a useful tool for investments in certain situations, but they are no substitute for absolute, within-sector emission reductions.

No Double Counting

For all carbon and energy markets—including insets, offsets, and renewable energy markets, the one unbreakable rule is: **no double counting**.

This means one credit can only be counted once; if emissions reductions from the agricultural sector are sold to an energy company for use in a renewable energy or low carbon fuel standard market (scope 2), it can only be counted once—in this case, by the energy company. That credit, in being sold, cannot be counted towards any agricultural or scope 3 emissions reduction goals, despite the true reduction happening on farm, and despite there being no emission reduction on the part of the energy company.

Eco-Harvest by ESMC

In ESMC's market, Eco-Harvest, sellers (farmers and ranchers) sell carbon inset credits. Eco-Harvest buyers purchase carbon inset credits. The safeguards inherent in inseting (scope 3) markets ensure credits produced through agricultural practices are counted toward agricultural sector and supply chain reductions only. Eco-Harvest buyers know the scope 3 credits bought through Eco-Harvest represent real, verified emission reductions in their supply chain.

In Summary

We take the time to outline the above points to impress the importance that the Agency, when considering how to implement the *Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program*, take into account the diversity

of VCMs in the agri-food sector and understand that offset VCMs are by no means the only kind of VCM; they are not the only form of VCM covered under GCSA; and they are not the preferred form of VCM to achieve and count carbon removals and GHG reductions within the agricultural sector.

Regarding Protocols for Generating Voluntary Carbon Credits from Agriculture:

- ***Related to Questions 2-5:***

We would like to first clarify what we mean when we discuss VCM protocols vs. VCM standards:

- **Protocols**, sometimes referred to as methodologies, are the accounting rules for a Measuring, Monitoring, Reporting, and Verification (MMRV) program. Protocols determine project or producer eligibility.
- **Standards**, in contrast, are guidance documents on GHG quantification, monitoring, and reporting, and may include protocols. A standard without protocols, i.e., without MMRV methodology, is not sufficient to guarantee the quality of a carbon credit, offset, inset, or otherwise.

With regard to protocols, we recommend the Agency default to the existing VCM Registries whose role it is to validate protocols according to International Organization for Standardization (ISO) and Greenhouse Gas Protocol (GHGP) and other relevant VCM standards and guidance.

- These Registries include ACR, CAR, VERRA, GoldStandard, and SustainCERT.

We recognize this recommendation is at odds with the Agency's request through this RFI. However, these Registries already operate with the necessary expertise to validate protocols for use in agricultural VCMs; expertise and capacities that USDA should not seek to duplicate given these organizations exist and are fully recognized by existing VCMs and VCM participants.

Given the purpose of this RFI, to *“facilitate farmer, rancher, and private forest landowner participation in voluntary carbon markets”* who *“face barriers to accessing voluntary carbon markets due to market confusion, high costs, and project requirements,”* we will note, per the goal to reduce producer confusion, high costs, and project requirements, that it is not the protocols themselves that drive these

barriers; rather it is VCM standards—and global VCM integrity bodies, who ensure the integrity of VCMs—which heavily influence the complexity of project and protocol requirements. Confusion is also created by VCMs which cross multiple scopes. Furthermore, confusion is driven by the many new market entrants and the dynamic market ecosystem they create, which complicates efforts to deliver succinct market access guidance for U.S. farmers and ranchers. The Agency duplicating existing protocol approval efforts of Registries would not reduce confusion or these barriers to entry.

Regarding Technical Assistance Providers (TAP):

- *Related to Questions 6-8:*

VCM coverage of the agricultural sector continues to suffer from a lack of appropriately trained technical assistance *and* a lack of verification or auditing program professionals with agricultural expertise. Historically, the amount of activity in VCMs relevant to agricultural projects has been limited and early stage, with most land-based VCM projects focused on forestry. Due to this low level of activity in the agriculture sector, there has been minimal relative demand to build expertise, bandwidth, and skillsets for these roles. However, with the agricultural sector now included as a Natural Climate Solution of high interest to buyers, there is a latent but urgent need for expertise, skillsets, and national scale coverage in these positions.

Building this capacity of VCM TAPs, specifically those that understand agricultural management, is greatly needed, and a role the Agency is well positioned to support. USDA could meet the GCSA requirements and VCM needs well by building a national scale network of technical assistance providers who understand agriculture (as well as forestry) and who can help producers understand the requirements of specific VCMs and protocols needed to deliver VCM outcomes which generate income for producers.

VCMs already set standards for certified verifiers; what is missing is not the standards for TAPs, but the workforce to meet the demand for TAPs. This is an issue the Agency is uniquely positioned to help remedy and should do so without engaging in efforts that duplicate the standards already set by VCMs.

In our decades of experience—having worked in, built, and launched an agricultural VCM, we continue to experience serious shortages of TAPs that can provide the following to producers:

- Familiarity with agriculture and agriculture's possible role in VCMs, including the fact that VCMs have standards and requirements that must be met to generate verified credits (and to thus provide a producer income stream);
- Familiarity with VCMs, how they work, the difference between different VCMs, specific agricultural protocols, and/or the roles and responsibilities of producers within VCMs, including eligibility requirements, deadlines, etc.;
- Ability to guide a producer through program, project, and protocol requirements for a project's duration. This role is critical: if a producer goes through a program but misses key eligibility requirements or program deadlines, the producer will likely be ineligible to be paid due to lack of verifiable outcomes;
- Understand VCMs and VCM dynamics vis-à-vis producers and producer needs.
- It is also important to integrate a diverse workforce from historically underserved and minority groups in order to ensure VCMs are built with accessibility equitable access among producers of all backgrounds to the financial benefits of participating in VCMs.

The Agency has the ability to support the development of this greatly needed technical workforce, and in doing so unlock significant unrealized potential of VCMs for agricultural producers nationwide.

Conclusion:

There is a great deal of confusion on the part of the producer when it comes to voluntary carbon markets and it is important that the Agency leverage its unique capacities and authorities to support producers as they seek to onramp into market programs that can meet their needs.

The Agency should allow for the continued development and success of private sector VCMs and not place the federal government into a role that competes with the private markets, nor duplicate their existing efforts. The government's role should be to provide science-based data and information to ensure private markets have access to the best scientific and agricultural sector data available. This role is greatly needed and is best applied via the necessary human resource infrastructure to bring greater numbers of technical assistance providers online who are well versed in the unique

needs of producers looking for guidance with agricultural VCMs and with the nuance of specific VCM protocols.