



# Carbon Policy Options: Engaging Agriculture in Developing Solutions



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# Reasons to Act

1. **Reality of where we are -- something is going to happen.**
2. **Regulation through the Clean Air Act is not the way to go!**
3. **Rewards for agriculture as a solution to our most pressing environmental challenge.**

## **Something is Going to Happen!**

- **Climate Change is real - overwhelming majority of scientists agree**
- **Growing public concern – political support**
- **2007 Supreme Court decision requires EPA to act**

# **Clean Air Act IS NOT the solution!**

- **Endangerment is a slippery slope**
- **Not designed for problem of a global nature**
- **DOES NOT address agriculture's needs**
- **Likely would NOT provide opportunities yet may result in many of the same costs**

### **Rewards via legislation**

**Legislative solution presents greater opportunity for agriculture.**

**Examples:**

- **Regulation would not provide money to research new technology like clean coal as the House bill proposes.**
- **USDA has a lead role in the House bill – not likely under regulatory alternative.**

- **Ag & Forestry potential to sequester or eliminate approximately 20% of total national emissions.**
- **The bill creates a domestic offset market of 1 billion metric tons – expected value between \$15-20 a ton. (CCX voluntary price is now less than a dollar after reaching a high of around \$7 in '07).**
- **Ag and Forestry likely to represent a significant/dominate part of the offset market.**

**Bill mandates that 20% of utility company power come from renewable sources by 2020. This creates markets for things like:**

- **Biomass-ag waste could replace coal in power plants**
- **Biogas-captured methane replaces natural gas**

**Potential for billions of additional new revenue from rental payments on wind turbines and solar cells.**

**Help address ag's environmental challenges?**

**Costs for inputs like fuel and fertilizer will go up.  
The legislation tries to mitigate some of those impacts.**

- Agriculture is energy intensive:
  - Fertilizer and fuel costs account for 50-60 percent of variable costs of production for corn.
- Cost increases in the single digit range through 2030
  - University of Missouri, Iowa State and USDA analyses
- What happens to costs without climate legislation?

# What Happens Next?



House passed a bill and now the Senate takes up the debate.

- Activity and debate on the issue occurred last summer with even more hrgs occurring this year including a July Senate Ag Committee hrg
- 4-5 different Committees will have pieces of the bill, with Majority Leader Reid having a Sept. 28<sup>th</sup> deadline for completion of Committee work
- Thereafter Senate Leadership will begin blending the various pieces together
- Senate vote possible as soon as October
- Major international meeting on climate to be held in December in Copenhagen, Denmark

# Exciting time for Ag!

## **Agriculture as the solution!**

- **Better environment**
- **New revenue sources**
- **Need to Engage!**





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