

**Agriculture and Land-Based Training Association
American Farmland Trust
California Certified Organic Farmers (CCOF)
California Climate & Agriculture Network
California Farmers Union
Center for Food Safety
Community Alliance with Family Farmers
Dixon Ridge Farms
Earthbound Farm
Ecological Farming Association
Hedgerow Farms
Marin Organic
Occidental Arts & Ecology Center
Organic Farming Research Foundation
Sustainable Agriculture Education (SAGE)
Sustainable Conservation
Wild Farm Alliance**

June 7, 2010

Kevin Kennedy
Assistant Executive Officer
California Air Resources Board
1001 "I" Street,
Sacramento, CA 95812

Re: May 17th Cap-and-Trade Workshop – Investments in California Agriculture

Dear Mr. Kennedy,

On behalf of the organizations and businesses listed below, we welcome the opportunity to comment on the May 17th ARB staff workshop on cap-and-trade program design. We are concerned that agricultural GHG emissions reduction activities were not included in the description of target activities under the Community Benefits Fund and the Carbon Trust. This runs counter to the recommendations from three advisory committees to ARB. Moreover, we do not support placing the Community Benefits Fund and the Carbon Trust in the second tier of allowance allocation. This will delay much needed resources to support GHG emission reduction strategies in the state.

California's \$37 billion agricultural industry, dependent on weather and availability of natural resources, is uniquely vulnerable to the impacts of climate change (e.g. constrained water resources, increase pest and disease pressures, more extreme weather events, etc.). It is also well positioned to provide climate benefits, and help meet the objectives of AB 32, by reducing greenhouse gas emissions and sequestering atmospheric carbon through the use of sustainable agricultural practices.

Investments in research, technical assistance and financial incentives are urgently needed to help meet the objectives of AB 32, reduce GHG emissions in agriculture, sequester atmospheric carbon, and keep California farmers on the land. As an example of this need, ARB, CEC and CDFA are currently funding

research to establish baseline nitrous oxide emissions from agriculture, but currently lack funding to research best management practices that may reduce nitrous oxide emissions in agriculture.

AgCAT, ETAAC and EAAC Recommend Investments in GHG Emissions Strategies in Agriculture

In 2008, as part of the AB 32 Scoping Plan, the Agriculture Climate Action Team (AgCAT) and the Economic and Technology Advancement Advisory Committee (ETAAC) reviewed agricultural practices that may reduce GHG emissions and sequester atmospheric carbon in soils¹. They found that through a variety of practices California agriculture may reduce GHG emissions between 9.1 to 16.7 MMTCOe.

Many of the mitigation practices identified by AgCAT and ETAAC may also provide additional environmental benefits such as improved air and water quality, water conservation and enhanced wildlife habitat.

The AgCAT and ETAAC recommended funding additional research, technical assistance and financial incentives to achieve GHG emission reductions in California agriculture. The ETAAC report noted:

While the carbon cycle returns the majority of this carbon to the atmosphere, sequestering a portion of this carbon or converting it into renewable energy, fuels or permanent products, would translate into a significant reduction of California's carbon footprint. Thus, the agricultural sector also offers the opportunity to reduce GHG emission reductions through the capture of carbon and/or production of renewable low-carbon fuels. Other specific farm-related GHG emission sources can also be controlled and mitigated. **Yet a concerted research, development and demonstration (RD&D) effort and new regulatory incentives and programs will be needed to meet the GHG emission reduction goals in AB 32².**

In their final report to the Governor, the Economic and Allocation Advisory Committee also recommended investing a portion of allowance revenue in biological carbon sequestration activities in agriculture and forestry³.

These recommendations are echoed at the regional and national levels. The Western Climate Initiative Partners suggest that one of the public purposes of allowance revenue could be promoting emission reductions and sequestration in agriculture⁴. Nationally, Waxman-Markey and the recent Kerry-Lieberman climate change bills would create a new USDA conservation program to incentivize climate friendly agricultural practices.

Investments in California Agriculture

We cannot rely entirely on future carbon markets to achieve GHG emission reductions in agriculture. The marketplace lacks adequate funding for research to understand opportunities within farming systems

¹ Agriculture Climate Action Team. December 2008. Agriculture Sector Write-Up for Public Distribution. AB 32 Scoping Plan.

http://climatechange.ca.gov/climate_action_team/reports/CAT_subgroup_reports/Ag_Sector_Summary_and_Analyses.pdf

ETAAC. February 11, 2008. Recommendations of the Economic and Technology Advancement Advisory Committee (ETAAC). Final Report. A Report to the California Air Resources Board. Chair: Alan Lloyd Vice Chair: Bob Epstein. <http://www.arb.ca.gov/cc/etaac/ETAACFinalReport2-11-08.pdf>

² Page 6-1. ETAAC report. 2008.

³ See pages 33, 54 & 55. EAAC. March 2010. Allocating Emissions Allowances Under a California Cap-and-Trade Program. http://www.climatechange.ca.gov/eaac/documents/eaac_reports/2010-03-22_EAAC_Allocation_Report_Final.pdf

⁴ AB 32 Scoping Plan. December 2008. Appendix D: September 23, 2008. WCI Design Recommendations (page 7).

to achieve GHG emission reduction. Translating research findings into real opportunities for California agriculture to provide voluntary GHG reductions requires technical assistance. In some cases, when transition costs may be high, financial incentives for farmers are essential. Allowance revenue can turn research into opportunities for certain agricultural activities to help meet the state's GHG targets.

We strongly urge ARB staff to follow the recommendations of AgCAT, ETACC and EAAC by including in the Community Benefits Fund and/or the Carbon Trust competitive grants for research, technical assistance and financial incentives for agricultural practices that reduce GHG emissions and sequester atmospheric carbon while providing environmental cobenefits. We also strongly suggest that allocation of allowances for the Community Benefits Fund and the Carbon Trust be included in the first tier of allocations.

Sincerely,

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