Stacking Environmental Credits

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AFT’s Mission

Saving the Land that Sustains Us by:

- Protecting working farm and ranch land
- Promoting environmentally sound farming practices
- Keeping farmers on the land
Should we do stacking?

- Farmers, ranchers, landowners produce multiple benefits; they should be able to sell if there is a market.
- If we support markets, we should support stacking; similar issues.
- Question is how?
Is stacking needed? yes

- Robust, large, long lasting market
- Additional benefits, maximize environmental outcomes
- Build support from ag for markets
- Increase supply of credits
- Include variety of different practices and producers
- To help transactions in early markets
- “Adding payments” works, CREP
Build Ag Support

- Need to overcome skepticism; stacking helps
- Development of markets needs support of agriculture
- Focus groups with farmers and ag leaders; they expect it--“if I produce it, why can’t I sell it?”
- Presentations to farm groups they always ask for this
- Helps include practices on working lands not just taking land out of production
- Challenge: farmers understanding and acceptance of paying for performance not conservation practice
Supply of credits

- Is there sufficient supply?
- Lots of potential credits; may not all translate into available credits
- Depends on the market
- Which practices? Which farmers?
- Don’t we want funds to go to practices that provide multiple benefits?
Example

- Use averages (state farm budgets)
- Carbon:
  - Net revenue for corn $250-300/acre
  - ¼ - ½ ton of C for reduced fertilizer
  - $8-10 for C credit
  - $2-5/acre
  - So stacking could help
- Water:
  - ORB 75% of 590 $10 – 30/acre; $7-22/acre
  - Ches Bay WRI 2-3lbs/acre; $8-20/lb; $16-60/acre
  - Stacking needed?
- Also, want/need $$ in the trading system for aggregation, verification, etc. Stacking can help
- Don’t we want to send market signals that reward projects that provide both?
Need experience: pilot trade

- Several nutrient management projects with same practice
- Run credit tools for N and C to project credits
- Core WQT project pays for N
- Adding on research, testing, tracking generation of C credits
- Maybe to test we sell N to one buyer and C to a different buyer
- Discuss and debate implications
- Talk with farmers regarding perceptions and incentives
“Viable Farm and Clean Water”

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