

Landowners see potential profit in land stewardship

By JESSICA MAYRER Bozeman Daily Chronicle Staff Writer

10/21/2008

Scientists, farmers, ranchers, policy wonks and local government officials came together Monday to discuss how Montana landowners can manage their soil to absorb greenhouse gases and, in doing so, reap financial rewards.

Land-management techniques like no-till production, improved crop rotation and even the use of native plants help soil absorb carbon from the atmosphere and store it.

Some say landowners willing to sign on and practice such techniques are poised to profit.

“NCOC is sending checks now,” said Neil Sampson, technical advisor for the National Carbon Offset Coalition, which aims to take advantage of economic opportunities arising from curbing climate change. “There’s real money out there now.”

While there’s some money available for landowners practicing this type of good stewardship, known as “terrestrial land sequestration” demand has yet to pick up in the carbon-offset market. And it likely won’t until greenhouse-gas emissions are regulated.

But already about 250 Montana landowners are participating in a pilot project to see how it might work. As part of that, the NCOC acts as a middle man, verifying farmers use good land-management techniques to sequester the carbon, and assigning them credits. Then it arranges for companies who want to offset their gas emissions to buy the credits.

The market isn’t booming - it’s about breaking even - but if, and, some say, when, companies are regulated, forcing them to cap greenhouse gas emissions, Montana farmers will likely have a new source of revenue, Sampson said.

A federal greenhouse cap has yet to make it through Congress. Sampson said states will likely lead the way.

Montana, for example, is a member of the Western Climate Initiative, a collaboration of seven U.S. states seeking to curb greenhouse gasses with a regional cap-and-trade system, limiting emissions.

“The states have decided to step up to the plate,” said Richard Opper, director of the Montana Department of Environmental Quality.

But not everyone agrees on how to curb emissions in Montana, Opper said.

Legislators and regulators are discussing different strategies and how much bite any potential

regulation might have. Details, including which industries will be capped and by how much, along with how broadly potential restrictions should be, have yet to be ironed out.

Another issue, depending on who you talk to, is whether current carbon-testing techniques are sufficient.

It's tough, and expensive, to measure carbon in the soil, said Joel Brown from the U.S. Department of Agriculture. A comprehensive testing system is necessary to insure companies that what they're buying is a real carbon credit.

"I think that's the real challenge that we face," Brown said.

If an emissions cap does come down the pike, Opper said, Montana landowners, including the state, will be in good shape to make some cash.

"This can become a new, potentially significant source of income," Opper said. "The state is very interested in doing what it can to promote terrestrial carbon sequestration."

A bill addressing carbon offsets recently failed in the U.S. Senate, but eventually, Sampson said, the federal government will get involved.

"Sooner or later, Congress will get dragged kicking and screaming into the fray," he said.

And many folks gathered at the Monday conference are hedging their bets.

"Most people think that within a year there will be a policy," said Lindsey Waggoner, outreach coordinator for the Big Sky Carbon Sequestration Project, which seeks to prepare members for a carbon-constrained economy.

Bruce Fergusson, from U.S. Sen. Max Baucus' office, said if agricultural producers want to ensure this becomes a reality, they need to contact their delegation in Washington, D.C.

"Agriculture has huge sway on (Capitol) Hill," Fergusson said.

Historically, agriculture has played a big role in the amount of carbon-dioxide taken up by the soil and released into the atmosphere, said Rich Conant, of the Natural Resource Ecology Laboratory at Colorado State University.

And while terrestrial sequestration is a step in the right direction when it comes to climate change, it's not the end-all solution, he said "There are reasons to be critical of carbon sequestration; it's not a silver bullet. It's not going to solve all of our problems."

The trading of sequestration credits as part of the pilot project is taking place at the Chicago Climate Exchange. In addition to the farmers involved, about 400 companies and governments seeking to curb their environmental impact are participating.

DuPont, Ford Motor Co. and the city of Chicago have all voluntarily pledged to curb emissions by 6 percent before 2010 and they are typical of the organizations buying credits on the exchange.

But as it stands, Sampson said, there's more landowners willing to help sequester carbon than there are companies interested in buying the credits. The market won't really pick up steam until a large greenhouse-gas-reduction program is put in place.

That's where regulation comes in. If a cap-and-trade plan were implemented, demand would likely take off. And farmers would be poised to reap rewards.

"Everybody is sitting holding their breath," Sampson said.