

# Nutrient Management Project Protocol



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ACTION  
RESERVE

## Credit Stacking Subcommittee Meeting #3

September 22, 2011

10:30 am – 12:30 pm PDT



# Agenda

- Update on protocol development process
- Payment stacking with government programs
- Temporal stacking
- Revised timeline
- Next steps



# Protocol Development Update

- Making progress on identifying eligible BMPs, quantification approach, aggregation
- Science Advisory Committee (SAC) met in early September
  - Meeting summary report to be released in October
- Comparative analysis of quantification options underway
- Performance threshold analysis to begin shortly
- Geographic focus areas still TBD



# Protocol Development Update

- Revised list of BMPs recommended by SAC:
  1. Reducing N application
  2. Optimizing application timing
  3. Using nitrification inhibitors alone and combined with urease inhibitors
  4. Changing fertilizer composition
  5. Adding N scavenging cover crops into crop rotation
- Suggest focusing on payment stacking until BMPs/eligible regions are finalized



# Payment Stacking

- USDA NRCS allows the sale of environmental credits from enrolled lands and “asserts no direct or indirect interest on these credits” (EQIP, 7 CFR §1466.36; CSP, 7 CFR §1470.37)
- All of the BMPs under consideration could receive funding from EQIP or CSP
  - BMPs are national “practice codes” that have state-specific “practice requirements”
  - Payment schedule is state-specific and assessed annually
- Implemented by states; availability of funding variable by state and even down to county level



# EQIP/CSP Nuts + Bolts

- Farmer receives a set rate payment up to a maximum of \$150,000/year from EQIP
  - Can then pursue CSP for additional support (\$40K/year)
  - Some contracts are for multi-year payments (practice code specific)
  - Payments can “term out” after multiple years (like crediting period)
  - Set rate based on covering 50% of costs; higher for “historically underserved” (75%) or “limited resource” (90%) farmers



# CA Nutrient Management - 590

Cost Data			
<u>Typical Implementation Scenario</u>			
This nutrient management practice scenario is for seasonally planted irrigated cropland in California. In order to receive this payment the landowner must complete the actions described in the "Practice Guidelines for Nutrient Management (590) - Nutrient Management Plan for Seasonally Planted Crops" prepared for the current EQIP year. This is available on SharePoint. Data source for cost information is review of current cost share contracts, discussion with NRCS field staff and private consultants.			
Area Applicable to:	Statewide		
Unit for Cost Estimate:	Acre		
Practice Life (Years):	1		
Discount Rate (%/Year):	5%		<u>Cost/Unit</u>
<u>Materials</u>	\$/Acre		\$43.00
Soil test	\$12.00		
Tissue testing	\$6.00		
Record Keeping	\$10.00		
Yield Data collection	\$6.00		
Nutrient Management Plan	\$9.00		
<u>Equipment/Installation</u>			\$0.00
Equipment incorporated into materials cost			
<u>Labor</u>			\$0.00
Labor incorporated into materials cost			
<u>Mobilization</u>			\$0.00
N/A			
<u>Operation &amp; Maintenance</u>			\$0.00
N/A			
<u>Acquisition of Technical Knowledge</u>			\$12.00
Hire qualified consultant to assist with implementation and planning			
<u>Forgone Income</u>			\$0.00
No land taken out of production, no lost opportunity costs			
<u>Risk</u>			\$0.00
Reduced risk, crop yield increase, reduced water quality damages			
<u>Administration &amp; Permit Costs</u>			\$0.00
None			
Total Cost Estimate:			\$55.00

Payment Schedule Results				
Practice Code	Cost Share Program	Unit Type	Payment Rate	
590	EQIP	Acre	\$27.50	
590	EQIP-LRF	Acre	\$49.50	
590	EQIP-HU	Acre	\$41.25	



# Additionality Analysis Brainstorm

- Map protocol BMPs to practice codes
  - “Nutrient Management” (590) covers most of the BMPs
- Payment schedules lay out cost of implementation
- No public reports on enrollment by practice code

## Questions

- *Have payment schedules proven effective under EQIP?*
- *What information is available on enrollment, results of programs?*
- *How do you address cost curve of implementation?*





# Temporal Stacking

## *Scenario #1*

- A PES has been received by the project developer for a BMP
- BMP has already been implemented
- Project developer is now seeking carbon credit for same BMP

## *Scenario #2*

- BMP is implemented as a carbon project
- Project developer then seeks additional PES for same practice



# Temporal Stacking

Potential policy approaches:

- Allow temporal stacking (both scenarios)
- Disallow scenario #1, allow scenario #2
- Disallow temporal stacking (both scenarios)
  
- *Is it temporal stacking if the PD received a PES for the same BMP, but is no longer receiving the other PES?*

# Revised Timeline



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Subcommittee call 1	July 12
Subcommittee call 2	August 10
Subcommittee call 3	September 22
Workgroup meeting	Late October
Subcommittee call 4	Early November
Subcommittee calls 5+	Monthly as needed
Subcommittee to make recommendations to workgroup	TBD
Protocol draft for public comment	TBD
Final protocol for Board	Mid 2012



# Next Steps

- Continue research on payment programs
- Distribute “concept/options” for your comment
- Share progress with workgroup in late October
- Next call – early November