

POINT CARBON



U.S. offset standard allows rice farming to earn CO2 credits

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One of the biggest carbon offset standard-bearers on Wednesday said projects that cut emissions from rice farming should be allowed to earn carbon credits, a move that could produce 180,000 credits per year and boost offset supply in California's carbon market.

The approval of the protocol by the Climate Action Reserve, which authorises offset standards and issues carbon credits to emission reduction projects, means practices such as improving drainage in rice fields could yield credits that could be used by California's emitters to meet caps after 2013.

"These practices... will yield additional economic benefits to farmers as offsets that can be sold to companies that must comply with the state's cap-and-trade program," said Belinda Morris, an official with green group the Environmental Defense Fund, which worked on developing the protocol.

Under California's proposed trading scheme, due to start in 2013, companies can offset emissions by using credits from projects that cut agricultural methane emissions, projects that promote forest preservation and projects that cut down on the amount of ozone depleting substances.

The rice offset standard has a good shot at being adopted by the state since the regulator Air Resources Board has previously said it is interested in approving more projects types that cut emissions in the agriculture sector.

ARB has said that if every covered entity used its 8 percent offset limit to meet caps, approximately 26 million tonnes of offsets would be needed in the first compliance period of 2013-2015.

ARB staff have said they believe the existing protocols will provide enough supply to meet the demand of the first compliance period, although some project developers disagree.

California's carbon market, which is part of a wider effort to reduce statewide emissions to 1990 levels by 2020, will begin next month with a year of auctions and system testing before full compliance begins in 2013.

By Rory Carroll – rory.carroll@thomsonreuters.com
San Francisco