

Climate Action Reserve's Draft Soil Enrichment Protocol (Version 1.0 for Public Comment)

Comments Submitted by Patagonia – May 18, 2020

Section 2.2.1 – Defining the Project Activities

Comment: The language pertaining to land management practices is confusing, specifically as it pertains to the application of fertilizers that emit GHG's. This section identifies changes to fertilizer application as a covered land management practice, yet also says that another covered practice includes the application of synthetic inputs "other than fertilizer." The intent of this is unclear. For example, changing land management practices that substitute organic inputs (including fertilizers) for synthetic inputs (fertilizers) can reduce the emissions of certain GHG's. That change/conversion should be covered. Relatedly, the prefatory language (before the bulleted list of land changes/results) in this Section and in Appendix B should be consistent.

Section 2.3.2 - The Project Owner

Comment: This section requires the Project Owner to attest to the Reserve that they have exclusive claim to the GHG reductions resulting from the project. Each time the project is verified, the Project Owner must attest that no other entities are reporting or claiming (e.g., for voluntary reporting or regulatory compliance purposes) the GHG reductions caused by the project. The intent behind the attestation requirement for reporting – as opposed to claiming – is unclear and unnecessarily stringent. For example, there may be voluntary certifications or agricultural-related services for which a landowner/farmer is expected to measure and report Soil Organic Carbon or related GHG emissions associated with their operations. Such reporting may not be legally required, nor part of any law or regulatory scheme, such that it does not implicate the additionality concern. Nor does such reporting necessarily relate to any "claim" of carbon credits. Requiring that the Project Owner attest that no other entity is reporting GHG reductions caused by the project is unnecessary and overly constraining. Voluntary reporting should be allowed – if not outright encouraged.

Section 2.4 – Non-GHG Impacts of Project Activities

Comment: The Reserve requires project developers to demonstrate that their GHG projects will not undermine progress on other environmental issues such as air and water quality, endangered species and natural resource protection, and environmental justice. This is an important component of the Protocol, yet there is no guidance concerning how a project developer can demonstrate this, nor what would constitute an undermining of progress on those elements such that a project was disqualified. This demonstration is – and should be – distinct from the required attestation that the project materially complies with all applicable laws.

The Reserve indicates that it would like to recognize certain co-benefits associated with the projects, including prior adoption of sustainable practices, reductions in other air pollutants, improvements in water quality, and enhancement of wildlife habitat. Although this is considered to be an optional

accounting, with no bearing on the eligibility of issuance of carbon credits, the Reserve should identify reported co-benefits (noting lack of verification, as appropriate) associated with any project. When listing soil enrichment projects for purpose of third-party purchases of credits, those prospective purchasers should have available to them any reported information concerning co-benefits to allow them to differentiate amongst project to support.

Section 3.1 – Eligibility Rules – Location

Comment: Consider expanding eligible projects to those outside of the United States, in this or in future related protocols. As noted earlier in the draft, the IPCC states that global emissions in the agriculture, forestry, and other land use categories constitute nearly a quarter of global GHG emissions, and many soil enrichment activities are ongoing in countries outside of the United States for whom carbon credit markets would incentivize GHG emission reductions.

Section 4 – The GHG Assessment Boundary

Comment: This section delineates the GHG sources, sinks, and reservoirs (SSRs) that must be assessed by project developers in order to determine the net change in emissions caused by a soil enrichment project. Among the listed SSRs is manure deposition. There should be specification about whether the deposited manure was produced onsite or imported to the project site. Because transportation of manure can yield additional GHG emissions – mainly associated with trucks powered by fossil fuels – importation of deposited manure can impact overall GHG emissions associated with a project. Relatedly, there is a possibility of leakage if an exporter of manure compost then uses more GHG-intensive synthetic fertilizers as a substitute.

Section 5 – Quantifying GHG Emissions Reductions

Comment: Table 5.1 identifies Global Warming Potentials for Non-CO2 Greenhouse Gases that are to be used for all soil enrichment projects (See footnote 18). These values are from the IPCC Fourth Assessment. Suggest that the SEP use updated GWP Values set forth in more recent IPCC Fifth Assessment (the values for methane and nitrous oxide are different between AR4 and AR5).

In addition, it would be helpful to identify recommended soil emissions models for purposes of measuring baseline SOC and other required submissions.

Section 5.3.1 – Contribution to the Buffer Pool

Comment: The transfer of a quantity of credits to the Reserve Buffer Pool at the time of credit issuance is an important factor in assessing overall monetary benefit for the Project Owner. Clearly, the more credits that are required to be deposited into the Buffer Pool, the less credits available for the credit market. While the Reserve notes that the risk of unavoidable reversals is not significantly differentiated by location or land management, the Reserve determined that the geographic concentration of field in

any given project could exacerbate the GHG impacts of any catastrophic natural reversal event. The draft protocol therefore requires a higher default deduction for unavoidable reversal risk where more than 50% of a project's acreage is concentrated in a single county. This seems to contradict the earlier proposition that there is no significant differentiation by location for the risk of unavoidable reversal. This also results in a penalty (i.e., requirement to contribute more to the buffer pool) for small and medium-sized farms and projects that are located within a single county and are not aggregated. This buffer pool risk penalty provides a disincentive for the development of smaller scale projects.

Section 5.5 – Emissions from Leakage

Comment: This Section assumes that where yield of a given crop drops on project fields as a result of project activities, it is considered market-shifting "leakage", which would result in a proportionate increase in yield elsewhere along with a shifting of associated GHG impacts. This is not always the case and is highly dependent on the project activity. For example, a change in land management practice that results in diminished or eliminated application of synthetic inputs (e.g., a project that converts from conventional to organic), may have a slightly reduced yield at the outset but would not necessarily result in increased yield elsewhere. In that circumstance, a consumer preference for organic over conventional would not yield GHG leakage outside of the project, in spite of any immediate yield impacts.

Appendix B – Illustrative List of Soil Enrichment Practices

Comment: Table B.1 is an illustrative list of soil enrichment project activities which could be eligible to define a soil enrichment project. While the list is not comprehensive, it will still be relied upon by project owners to assess the range of management practice changes that are optimal for a prospective project. Consider adding to the illustrative list: agroforestry, silvopasture, cropland border conservation, and biochar as among the regenerative practices associated with a positive impact on Soil Organic Carbon.