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Ag groups reject potential compromise on climate change legislation

By Sara Wyant

In an effort to break a log-jam in the House of Representatives over climate change legislation, leaders of the House Energy and Commerce Committee offered a few dozen agricultural groups a new conservation program under which USDA could have between $5-$10 billion over 10 years to pay for activities that reduce or sequester carbon emissions.

But the proposal to create yet another government entitlement program was roundly rejected, according to sources attending the meeting. Agriculture and forestry groups support a market-based program that does not limit their opportunities to generate new revenues and have other concerns with the deal that was outlined.

The potential compromise was discussed in a meeting last Friday that was organized by House Agriculture Committee Chairman Collin Peterson (D-MN), along with House Energy and Commerce Committee Chairman Henry Waxman (D-CA) and Ed Markey (D-MA), co-sponsors of the climate change bill, H. R. 2454, which was recently approved by their committee. White House Energy Czar Carol Browner also attended the meeting and Agriculture Secretary Tom Vilsack participated by phone.

Waxman has been pushing to move his climate change bill to the floor as early as this week, but faces stiff opposition from Peterson and several other Blue Dog Democrats who say that H.R. 2454 needs to include opportunities for agriculture and forestry interests to benefit from climate change legislation in a way that allows USDA, rather than the Environmental Protection Agency (EPA), to have oversight.

In an effort to win their support, sources attending the meeting told us that Waxman's proposal offered the following:

- A new farm conservation program, under which USDA would receive $5 to $10 billion in new direct spending authority over ten years to pay farmers, ranchers and forest land-owners for activities they undertake to reduce or sequester carbon emissions on their land or in their agricultural operations.

- This new program would be established and run entirely by USDA, but EPA would still play a role. It was not exactly clear how the program would work, but under one example provided, USDA could enter into contracts with farmers to undertake certain carbon sequestration activities on their land. USDA would determine the carbon sequestration activities eligible for payments and would verify that the carbon reduction activities had occurred.

- USDA would track and quantify the emissions reductions achieved by each landowner and give this information to EPA. Then EPA would evaluate the information and issue offset credits to USDA for the quantity of emissions reduced, as long as they meet the criteria for an emissions offset. The offsets must achieve real, permanent, and additional reductions.

- USDA would sell the offset credits and reinvest the proceeds in the compensation program, essentially operating it as a revolving fund.

- EPA, in coordination with USDA, would have authority to conduct audits of activities that generate offset credits through the new program.

- Farmers, rancher, and forest land-owners would also have the option to obtain offsets directly through the participation in the EPA offsets program, if they preferred that approach.

Without enough Democrats to support climate change legislation, it now appears unlikely that the climate bill will go to a floor vote this week.

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