

Carbon Market FAQs

****The below responses are compiled from a panel of four carbon market providers. The Renville SWCD does not endorse carbon markets or any company. The below is information for the public as carbon markets are gaining popularity. ****

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Why are you penalizing those who have these established practices already?

They know it's a large topic and are currently working on the logistics and something will be done about it soon.

Where does all the information you collect go?

Your personal information does not get shared at all, but your data collected gets added as a whole. Ex: 56 new farms started business with (Company Name) in 2022 and 37 of those farms have implemented no-till practices.

Are you measuring practices rather than the amount of carbon captured for payment?

While the carbon capture is calculated by the practices you do, payment is decided upon your practices since it's very hard to calculate an exact number.

Will payments decrease if mother nature intervenes? Ex: a drought year so the cover crops don't grow well.

Depends on which company you work with. Some companies would pay you the full amount if you still tried an implemented practice despite mother nature, and some will deduct your payment for not being as successful.

Can you get the same carbon credits on the same field year after year?

Yes, if you continue using practices that capture carbon you will continue to generate the carbon credits on that field year after year.

Do the types of practices change how much your paid out? Ex: Better payout for reduced-tillage vs moldboard plowing.

Not exactly. A certain number of qualifications need to be met to get carbon credits. Think of it as a score. To be qualified a certain number of practices can vary from field to field, and while

reducing tillage is going to help with that score, moldboard plowing will reduce it. A flat rate payment is given for that field if it meets the qualifications.

What parameters are involved in soil test?

Bulk Density, standard Nutrient test and Haney tests maybe completed. 14 samples are taking for every 80 acres. Looking at soil density and organic carbon.

Can you jump between one company to the next?

It depends on the company. Most company's you can opt out at anytime with no consequences and go to a different one if they are paying more. However, some companies have a contract that you might have already signed with them to work with them for a certain number of years. So, if you wish to opt out, there might be consequences depending on your contract.

What role does the USDA or local SWCD's play in Carbon Credits?

As of this time there is no government agency that is involved with implementation or regulations of carbon credits. This is all handled by individual private companies that will help navigate farmers to receive carbon credit payments from company's willing to buy them. These companies then do charge a fee for their services which differs from company to company.

Why do the carbon credit companies charge farmers a fee, and as much as 25% of what they would make from the carbon credits?

You are acquiring their service to help navigate you through getting and selling carbon credits, much like how a realtor helps you to sell a house. They charge this fee for their services which also include coming out to your fields to do things such as soil sampling to take back to their labs for analysis and handle all the data management.

What Data is collected and what happens to the data?

Historical data is looked at to build a baseline of the current amount of carbon sequestration that is happening in that current field. Then that data is collected from harvest to harvest. Looking at tillage passes, fertilizer passes, pesticides pass, as well as planting and harvesting methods. Soil tests are done to determine how much carbon has been sequestered. Data is specifically used to determine the amount of carbon sequestered and for payment purposes.

What are the economic benefits for corporations for purchasing carbon credits?

Companies do not need to purchase credits, but consumers in the last 5 years have been demanding sustainable goods and services. Companies want to show consumers they are being responsible for the carbon they are omitting, and by purchasing credits they can offset their carbon. Corporations are looking at not only their company, but their supply chain as well. Once

a corporation makes a sustainability pledge (i.e Carbon neutral by 2030), they must meet that goal, or fines and penalties accrue.

What crop rotations are eligible?

Currently, rotations including corn, soybeans, or wheat are being accepted. Some companies, Alfalfa is accepted if it has been documented in the historical rotation.

Where else can carbon credits be generated?

Carbon credits are generated in the forestry industry. New technology is coming out that will soon replace forestry credits and agriculture credits, unless agriculture shows they are the most effective way to sequester carbon.