

# Expanding Soil Health Through Carbon Markets RCPP

## Informational Meeting

### WHEN:

January 17, 2022

Lunch will be served at noon, followed by the meeting at 1:00 p.m. Central.

### WHERE:

East River Electric Co-op Headquarters

211 South Harth Ave.

Madison, SD 57042

Lunch: Fort Randall Break Room

Meeting: Oahe Training Center

RSVP and find more information at  
[ethanol.org/usda-rcpp/](http://ethanol.org/usda-rcpp/)

In September, the United States Department of Agriculture (USDA) funded the Expanding Soil Health Through Carbon Markets Regional Conservation Partnership Program (RCPP), an exciting new project developed by the American Coalition for Ethanol, South Dakota Corn, Dakota Ethanol, South Dakota State University, and Cultivating Conservation to pay farmers who institute conservation practices that benefit soil health, improve crop productivity, and sequester carbon and other greenhouse gases (GHGs).

This project is part of a strategy to secure compensation for farmers who produce low carbon intensity commodities through existing and future low carbon fuel standard (LCFS) markets.

We invite you to learn more about this program and opportunities to participate during the informational meeting on January 17.



CULTIVATING CONSERVATION



SOUTH DAKOTA  
STATE UNIVERSITY



## The Opportunity

### Financial Incentives for Participating Farmers

- \$5.25 million will be made available for farmers to deploy conservation practices that are known to sequester carbon, reduce GHG emissions, and improve soil health.
- Farmers in Brookings, Kingsbury, Lake, Miner, McCook, and Minnehaha counties are eligible.
- Financial incentives will be paid to farmers initiating approved no-till, nutrient management, or cover crop practices.
- Farmers will work directly with the RCPP to access funding.
- This \$5.25 million is in addition to what South Dakota already receives in USDA conservation funding, increasing the overall amount of USDA funding to the state. These funds do not compete with other USDA conservation funding.

### Quantifying Benefits to Facilitate Market Access

- South Dakota State University (SDSU) will lead an effort to quantify the soil-health and GHG benefits from adoption of these specific practices within the project area.
- The RCPP will pay for the on-farm sampling and quantification.
- SDSU will work with the Department of Energy's (DOE) Sandia National Laboratory to create a quantification system free to use by farmers.
- Quantification of GHG benefits will be a step toward entering existing Low Carbon Fuel Standard (LCFS) programs.
- Crediting practices that lower GHG emissions would potentially unlock the ability to pay farmers a premium for lower carbon intensity commodities.
- Laboratory estimates demonstrate this could mean upwards of \$279/acre if allowed under the existing California LCFS program.



## The Big Picture

### Opportunities in Transportation Fuel Market

- There is a renewed focus on lowering the carbon intensity of U.S. transportation fuels, which account for nearly 30% of annual U.S. GHG emissions.
- Expanding low carbon ethanol usage is one of the best ways to make meaningful gains quickly.
- Harvard and Tufts universities issued a report this year showing that average corn ethanol reduces GHGs by 46% compared to gasoline; the report also found that given improvements occurring in corn farming and within ethanol facilities, corn ethanol's carbon score will continue to decline.
- USDA estimates U.S. farmers currently store over 20 million tons of carbon per year and that they can store an additional 180 million metric tons/year representing 12-14% of U.S. carbon emissions through the adoption of conservation practices.
- DOE's Argonne National Laboratory has found that specific crop rotation systems in the upper Great Plains would result in increased carbon sequestration and generate hundreds of dollars per acre in revenue if credited in state low carbon fuel markets.

### Market Barriers Preventing Farmer Access

- Despite this farm-level potential, state and federal low carbon fuel programs do not consider on-farm carbon reductions towards GHG emissions targets.
- Established compliance carbon markets like the California LCFS program do not yet credit GHG reductions achieved through carbon-sequestering conservation practices in ethanol feedstock production.
- These regulators want better localized quantification, verification, and modeling protocols before granting access to these low carbon markets.
- These same issues arise in discussions on federal low carbon policies.

### Partnership Working to Secure Access for All Farmers and Ethanol Companies

- The RCPP partners will leverage USDA resources to secure low carbon fuel market access for farmers and ethanol companies across the region.
- The RCPP project is the first of several projects designed to gather the necessary localized data to certify non-proprietary soil carbon models that can be used to access LCFS markets.