

# TOP 10 Things You Wanted to Know About Ag Carbon Markets

The landscape of agricultural carbon markets and programs is changing rapidly, making it hard to keep it all straight. So AFT policy and science experts created a guidebook called “Top 10 Things You Wanted to Know About Ag Carbon Markets” for farmers, ag advisors, and conservation professionals seeking in-depth information. Here are the highlights:

## Am I eligible to participate?

Each carbon market or program uses different criteria. Most allow for rented land. Some have a minimum acreage requirement. Some operate only in certain states for specific commodities and climate-smart practices (usually no-till, cover crops, and nutrient management). The guidebook offers examples of ag carbon markets for each eligibility criteria and points to market comparison tables developed by others.

## Are the current ag carbon markets paying for practices or outcomes?

Most markets pay for reduced greenhouse gas (GHG) emissions and increased soil organic carbon, estimated based on a mix of soil sampling, remote sensing, and computer modeling of practice impacts. Some payments are based on carbon and GHG reductions, while some are per acre. A few markets also pay for water quality and/or quantity benefits because climate-smart practices provide more than just climate benefits.

## What information and access do I have to provide?

To determine eligibility, additionality (see below) and to estimate outcomes, carbon market developers usually need three to five years of historical and then ongoing field data such as field boundaries, planting information, chemical and fertilizer applications and organic amendments, harvest information, and cover crop and tillage practices.

## What the heck is additionality?

Additionality is a criterion for carbon markets to ensure that a corporate buyer's payment results in *new* GHG reductions or carbon sequestration beyond what would have occurred without their payment. Simply put, it is a way of determining that the buyer's carbon payment created a climate mitigation benefit. For farmers, this means implementing a new climate-smart practice for your fields to achieve more than business-as-usual reductions in GHG emissions and/or soil carbon sequestration to make up for the corporate buyer's emissions.

*We see you, early adopters, and thank you for your hard work! You may yet be eligible for carbon credit programs as new practices (such as alley cropping, silvopasture, and biochar) become available, and you may currently be eligible for payments through Scope 3 programs (see below) or inset markets.*

## How long are contracts, and am I liable when something goes wrong?

Contracts range from a single year to three to five years to 10 years; some are renewable. During the contract period, the farmer is responsible for implementing the practices that remove carbon from the atmosphere, store it in the soil, and continue to protect that stored carbon. Soil carbon is at risk of returning to the atmosphere through unintentional and intentional reversals. Be sure to understand how a contract defines both concepts because an intentional reversal will likely put you in default.

## Money matters: How can I make a market work for me?

The average price for an agricultural carbon credit in the US right now is about \$20, ranging from \$15 to \$30. Per acre payments range from \$1 to \$34. For most farmers, carbon market prices are not high enough to cover the cost of implementation. They can be less than what you could receive from some federal government conservation programs on the same acres. Currently, some markets allow farmers to stack carbon payments with government program payments to make practice adoption more affordable.

## How do I know which carbon market is right for me?

The answer depends on you, your goals, and your operation. For any market or program opportunity, we recommend reviewing their website and speaking with a representative. We also encourage you to work with an attorney to carefully read and understand all contract terms before signing. We review several resources that provide detailed ag carbon markets comparison tables, which may help you find the right market.

**The guidebook also provides background on key concepts:**

### What is an ag carbon market?

They are a kind of environmental market developed to meet growing demand from corporations with the supply of carbon credits from the agricultural sector. Farmers are paid for reductions in greenhouse gas (GHG) emissions and soil carbon sequestration on their land, and corporations use the credit to offset their hard-to-avoid emissions.

### How do ag carbon markets differ?

Some of these are compliance offset markets (where carbon emission reductions are regulated, e.g., in California). Mostly, we're talking about voluntary carbon offset markets wherein corporations pay others to help them reduce their Scope 1 emissions from their facilities and vehicles. Alternatively, Scope 3 programs and inset markets are those where a corporation is working to reduce emissions within its own supply chain by paying for improved practices during the production of its agricultural inputs.

### How is the government involved?

Currently, the federal government has no direct role in carbon markets. They are helping to improve the quality of ag carbon credits and the measurement, monitoring, reporting, and verification (MMRV) of carbon credits through multiple programs.

**This is just the tip of the iceberg! If you're eager to dig into more details, you can read the entire guidebook or find sections of interest with this QR code or at this website: [farmlandinfo.org/publications/top-10-things-ag-carbon-markets](https://farmlandinfo.org/publications/top-10-things-ag-carbon-markets)**

