



April 29, 2021

Submitted via www.regulations.gov

Attention Docket No.: USDA-2021-0003

The Honorable Thomas J. Vilsack, Secretary of Agriculture
United States Department of Agriculture
c/o William Hohenstein
Director, USDA Office of Energy and Environmental Policy
1400 Independence Avenue, SW
Washington, DC 20250

Dear Mr. Secretary:

On behalf of Iowa's 38,000 soybean farmers, including more than 12,800 Iowa Soybean Association (ISA) farmer members and industry partners, thank you for the opportunity to comment on the Secretary of Agriculture's request for stakeholder input on the United States Department of Agriculture's (USDA) climate strategy.

With more than 50 years of environmental leadership and on-farm experience, ISA is driven to deliver programs and services that meet the needs of Iowa soybean farmers. From industry-leading soybean research to transportation, market development to communications, ISA is home to a suite of programs that provides information and assistance to help farmers be more competitive. As a part of this commitment, the ISA Research Center for Farming Innovation (RCFI) was established in 2020. Working at the intersection of cropping system solutions, data, and spatial analytics, RCFI is delivering innovative research, tools, and technical support to assist farmers when considering big picture management decisions for short- and long-term sustainability and profitability.

Recognizing that healthy soils are critical to mitigating climate change and increasing resiliency on the farm, ISA is committed to helping farmers develop and implement agricultural systems, strategies and long-term mitigation efforts that scale up and accelerate soil health and water conservation across Iowa farmland.

We acknowledge that soybean farmers face a myriad of seasonal challenges, including changing climate, and market signals based on world production (supply/demand) volatility. Greater yield volatility at the farm level, combined with increased crop price volatility due to changing global conditions, will only increase the future need for cost-effective financial risk management strategies.

To further cost-effective solutions for soil and water stewardship, ISA launched AgOutcomes in 2020 to expand the trusted partnership between Midwestern farmers and public-private beneficiaries and provide financial incentives to those who adopt on-farm conservation practices that yield positive environmental outcomes like carbon sequestration and water quality improvement. In its first year of implementation, the Soil and Water Outcomes Fund provided financial incentives to farmers implementing conservation practices across 10,000 acres of Iowa cropland.

In 2021, the Soil and Water Outcomes Fund is expanding to more than 100,000 acres of cropland in Iowa, Illinois, and Ohio. ISA believes this outcomes-based model of delivering verifiable environmental impact through innovative public-private partnerships between investors, farmers, and outcome purchasers is a scalable and replicable model that can be expanded to watersheds across the United States.

As we prepare for the future and help farmers address climate change, navigate market volatility, and achieve conservation, water quality and sustainability goals, the following principles will guide ISA's response.

- ISA supports the development and maintenance of voluntary, incentive and outcome-based ecosystem service strategies.
- ISA supports fair and equitable financial compensation for farmers that provide ecosystem services, including but not limited to carbon sequestration, water quality improvement, flood mitigation, and habitat creation.
- ISA supports a carbon regulatory system that recognizes the contributions of agriculture through conservation practices, biofuels, and production efficiencies.
- ISA supports USDA assuming a leadership role in the administration of federal policies and programs involving agriculture- and climate-related efforts.
- ISA supports the inclusion of Iowa soybean farmers in future discussions and dialogues related to USDA's involvement and oversight of climate strategies.

Climate Smart-Agriculture

Iowa soybean farmers are leading the way in the development and adoption of climate-smart practices that reduce emissions, promote soil health, and protect our water and air quality, all while producing more food, fiber, and renewable fuel than ever before. For decades, Iowa farmers have embraced innovation as a result of significant investments in agricultural research and adopted climate-smart practices to improve productivity and enhance sustainability.

ISA sees opportunities for farmers to provide ecosystem services benefits through conservation practice adoption on working lands. There is also an opportunity to leverage private sustainability commitments and funding to expand the reach of taxpayer dollars. ISA supports USDA development of new climate programs to deliver opportunities to farmers by leveraging public and private support for future climate solutions. We urge the USDA to consider a delivery model similar to that of the federal crop insurance program, in which USDA would support private

marketplace delivery of programming to farmers in order to produce greenhouse gas (GHG) reductions and soil carbon sequestration. Underpinning any retooling of existing working lands programs or creation of new programs should focus on farmer access to market opportunities, sound science, technology advancements, streamlined enrollment, and provide adequate financial support to drive and scale up environmental outcome production.

The Iowa Soybean Association encourages USDA to consider these guiding principles when developing new programs or retooling existing programs to address climate change.

- **Funding Pool:** USDA should allocate funds from appropriate sources to support farmer payments for ecosystem services, specifically GHG reductions and soil carbon sequestration. The funds should be provided to farmers via an outcomes-based approach determined by the estimated GHG reductions and soil carbon sequestration benefits produced by farmers on working lands. There are examples of this approach in the private sector ecosystem service markets. The funding pool should not reduce or reallocate funding currently allocated to support water quality and other critical environmental concerns.
- **Private Sector Leverage:** USDA should challenge the private sector to match investments dollar for dollar. Private sector companies are making pledges to reduce the GHG emissions footprint from their supply chain or the environment at large. USDA should work with the private sector to extend taxpayer dollars supporting climate-smart agriculture. This should not be done in such a way that gives the private sector a *free ride* to achieving their commitments, but rather it should be done to increase the funding pool available to support farmers producing GHG reductions and soil carbon sequestration.
- **Outcome-Based Payments:** USDA should deploy funding to support outcome-based payments to farmers implementing climate-smart practices and producing GHG reductions and soil carbon sequestration outcomes. USDA should utilize and promote existing climate models, such as COMET-Farm, to quantify these GHG reductions and soil carbon sequestration outcomes. Payments to farmers should be calibrated to the estimated outcomes. This could be done by establishing a CO₂e price per ton supported by USDA. We suggest a USDA support level of \$15 per metric ton of CO₂e. This support should be combined with non-government dollars to bolster the farmer payment for GHG reductions and soil carbon sequestration.
- **Stacking Ecosystem Services:** USDA should support and encourage the stacking of CO₂e support with other ecosystem service payments from different government and non-governmental entities.
- **Streamline Enrollment:** USDA should continue to streamline the farmer enrollment process. This could be accomplished by allowing enrollment in a climate-smart program while also participating in other USDA or non-USDA conservation programs. This approach would mitigate farmer confusion regarding eligibility while also saving USDA staff

resources. Additionally, USDA should create an enrollment process that leverages technology and minimizes the time period from enrollment to contracting. Program delivery should be nimble and not have significant time lags present in other USDA programs. Farmers should not have to wait several months or years for program enrollment.

- **Quantification and Measurement Standards:** USDA should set standards for accounting, modeling, and measurement of GHG reductions and soil carbon sequestration. The measurement standards should be less rigorous than those employed for research purposes, yet substantial enough to provide confidence in the results. USDA should continue to support the development of ecosystem service models, and work toward integrating existing water quality models (e.g., Nutrient Tracking Tool) with GHG and soil carbon sequestration models (e.g., COMET-Farm).
- **CO₂e Price:** USDA should consider programs and approaches that seek to raise the payment of CO₂e. We believe the current private sector CO₂e pricing of \$15 per ton is not enough to drive farmer change at a significant scale; a price around \$30 per metric ton, however, would serve as an agent of positive change. USDA should also work to drive engagement from early adopters of climate-smart practices. This could be accomplished by setting a CO₂e price for outcomes resulting from past practice implementation. This could compliment a pricing strategy for outcomes resulting from new practice implementation.
- **Farmer Eligibility:** USDA should ensure all farmers have access to climate-smart programs. If climate-smart programming or ecosystem service payments are delivered to farmers via non-governmental partners, farmers should not be expected or required to have other business relationships with the entities delivering the programs. For example, if a cooperative were to deliverer GHG or soil carbon sequestration payments to a farmer, it should not be required that the farmer is a member of the cooperative or a purchaser of other products from the cooperative.
- **Adjusted Gross Income (AGI) Waiver:** USDA should consider a program-wide AGI waiver to allow all cropland acres to participate in climate-smart programs. Like crop insurance eligibility, the benefits of climate-smart agriculture should not be limited to those below the AGI limit.
- **Outcome Ownership:** USDA should continue current policies of farmer ownership of ecosystem service outcomes resulting from conservation implementation funded by the USDA working lands program. This allows farmers and landowners to engage in private ecosystem service markets, thereby spurring additional financial motivation to implement conservation practices (e.g., reduced tillage, no-till, cover crops, etc.) on working lands. If USDA working land programs were to claim ownership of the ecosystem services produced by conservation practices, it would lead to farmer and landowner confusion and greater competition between the USDA and private sector markets.

- **Program Delivery:** USDA should avoid delivering climate-smart programs via grants. Grants reduce the pool of partners available to provide climate solutions to farmers. The USDA should seek partnerships and contracts with qualified parties no matter the business type. To maximize farmer benefit, USDA could structure outcome-based agreements with third parties. For example, USDA could support climate-smart agriculture by providing \$15 for every metric ton of CO₂e produced by qualified third parties. This outcome-based approach will lead to competition allowing farmers to select the best program for their farming operation and conservation goals; grant-based delivery alone will not spur competition or innovation.
- **Marketplace:** USDA should avoid becoming a marketplace; instead, USDA should support marketplaces through matching outcome payments, serving as the buyer of last resort, and through other financial mechanisms supporting the growth of marketplaces.

The Iowa Soybean Association also suggests the following actions.

- **Support for Existing Working Lands Programs:** USDA should continue support for water quality improvement through existing programs. Climate solutions should not come at the expense of water quality programs such as EQIP, RCPP, CREP and MRBI. These programs are critical to water quality improvements in Iowa and the Upper Mississippi River Basin.
- **Support for Research and Development:** USDA should support research, field trials, sensor technology and other advancements to ensure farmers have access to the latest practices and testing procedures. Advancing climate-smart research and technology will ensure society has comfort with the benefits provided by climate-smart agriculture. Improvements to sensors and other technology will ensure farmer financial benefits are not consumed by monitoring and measurement expenses. Climate-smart agricultural research and development could be delivered through the NRCS's Conservation Innovation Grants (CIG) program, the Agricultural Research Service (ARS), and other research and development programs within the USDA. Coordination between USDA, the Department of Energy Advanced Research Projects Agency and the SMARTFARM program would avoid duplication of resources.
- **Broadband:** USDA should increase rural access to broadband. Existing ecosystem service platforms require large amounts of field-level data from farmers. Therefore, having access to broadband will be necessary for farmers to enroll and access ecosystem service markets.
- **Technical Assistance:** USDA should educate staff on the complexities of climate-smart conservation practices and the dynamics of GHG reductions and soil carbon sequestration. Currently, USDA staff are somewhat unfamiliar with the climate benefits of precision agriculture and conservation practices offered to farmers through working lands programs. Additionally, USDA should ensure adequate staff are available to support program delivery to farmers.

Biodiesel

For Iowa's soybean farmers, biofuels are a homegrown energy success story, reducing carbon and greenhouse gas (GHG) emissions, increasing our energy independence, and supporting rural communities and economies. Home to eleven biodiesel production facilities, Iowa is the nation's top biodiesel-producing state. Given Iowa's position as a top state annually in soybean production, soybean oil is the primary feedstock used to produce biodiesel.

When compared to petroleum diesel, biodiesel made from soybean oil leads to significant reductions of virtually all regulated emissions. Biodiesel reduces lifecycle GHG emissions by up to 86%, lowers particulate matter by 47%, and reduces hydrocarbon emissions by 67%, offering an immediate and abundant solution to help USDA meet carbon reduction targets and GHG emission goals. Considering its renewable, clean-burning, and environmentally friendly properties, biodiesel is one of the most practical and cost-effective ways for this administration to immediately address climate change.

The Iowa Soybean Association supports the USDA working to understand, capture, and promote the full environmental benefits of biodiesel and other renewable energy sources.

- **Biodiesel Fuel Education Program:** USDA should work with biofuel stakeholders and Congress to provide permanent funding for the Biodiesel Fuel Education Program. The goals of the Biodiesel Fuel Education Program, as originally established in Sec. 9004 of the Farm Security Investment Act of 2002, are to stimulate consumption and investment in biodiesel, an advanced, low-carbon biofuel derived from a variety of vegetable oils, including soybean oil, as well as animal fats and used cooking oil. Information and outreach activities funded under this program have raised awareness of the benefits of biodiesel fuel use and complemented incentives Congress provided in 2005 when it enacted the Renewable Fuel Standard and biodiesel tax incentive.
- **Higher Blends Infrastructure Incentive Program (HBIIP):** HBIIP significantly increases the sales and use of higher blends of biodiesel by expanding the infrastructure for renewable fuels derived from U.S. agricultural products. Additional infrastructure support and incentives will be needed to continue building and retrofitting traditional pipeline terminals to blend more biodiesel. Additional funding through programs such as the HBIIP are necessary to increase the availability of higher blends of biodiesel. By continuing to encourage the comprehensive approach undertaken by the HBIIP program, USDA will allow for the building out of biofuel-related infrastructure that is needed to drive demand for higher blends of biodiesel. Providing permanence to this successful grant program will expand consumers' access to cleaner, better transportation and heating fuels, such as biodiesel.
- **Renewable Fuel Standard (RFS):** We encourage the USDA to actively engage the Environmental Protection Agency (EPA) and Department of Energy (DOE) to ensure consistent implementation of the RFS as intended by Congress. This successful energy

program is essential for increasing the production and use of clean, renewable fuels in the United States. Since biodiesel producers and other stakeholders throughout the supply chain rely on market signals from annual rules and volume obligations, the USDA should urge the EPA to meet statutory RFS deadlines. ISA supports an RFS program that significantly increases annual volume obligations and sustains growth as a way for this administration to support its climate-smart agriculture strategy.

Conclusion

The Iowa Soybean Association and its 12,800 farmer members and industry partners are optimistic about the role biofuels, public-private partnerships, and climate-smart agriculture can play in addressing current and future challenges. USDA should solicit and work closely with a diverse set of stakeholders to develop and implement risk management tools and effective environmental policies and programs that are based on sound science. Such solutions should incorporate adaptive management and provide farmers long-term benefits directed at productivity, profitability, resiliency, and sustainability, which soybean farmers agree are the best pathways to improving and maintaining environmental quality. ISA is eager to engage and support the USDA and Secretary of Agriculture Vilsack in the ongoing effort to tackle climate change.

Thank you for considering these comments and recommendations on behalf of Iowa's soybean farmers.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Jorgenson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jeff Jorgenson, President
Iowa Soybean Association