



Bipartisan Policy Center
Where democracy gets to work

Federal Policy Landscape for Natural Climate Solutions

Lesley Jantarasami
Managing Director, Energy Program
June 11, 2024

Bipartisan Policy Center Energy Program

Combining the best ideas from both parties to promote health, security, and opportunity for all Americans.

BPC's [Farm and Forest Carbon Solutions Initiative](#) advances innovative climate and conservation policies that deliver economic and environmental benefits across rural America.



<https://bipartisanpolicy.org/farm-forest-carbon-solutions-initiative>

Why Natural Climate Solutions?

Natural climate solutions bolster production and promote cleaner air and water, greater drought resilience, improved wildlife habitat, carbon storage, and increased rural economic opportunities.

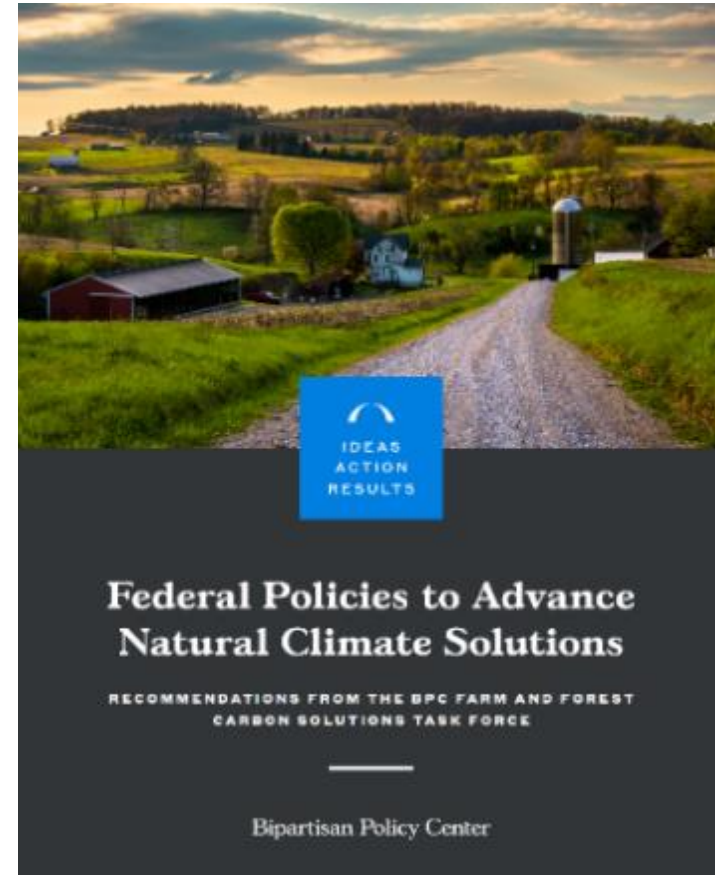
BPC Farm and Forest Carbon Solutions Task Force Co-Chairs



Heidi Heitkamp
Former Senator (D-ND)



Saxby Chambliss
Former Senator (R-GA)



<https://bipartisanpolicy.org/report/federal-policies-to-advance-natural-climate-solutions>

Federal Energy & Climate Policy Wins of the Last Few Years

Energy Act of 2020

Setting the stage: First comprehensive energy bill in 13 years, focus on energy innovation.

Regional investment & infrastructure: Clean energy demonstration and R&D.

Infrastructure Investment & Jobs Act of 2021 (or Bipartisan Infrastructure Law)

CHIPS & Science Act of 2022

Spurring innovation: Strengthen supply chains, advance U.S. competitiveness, and strengthen U.S. scientific enterprise.

Market incentives: Extends existing tax credits and creates new credits.

Inflation Reduction Act of 2022 (IRA)

What energy and climate provisions did Congress enact?

Electric Power Generation



- Renewable energy
- Nuclear energy
- Geothermal & hydro
- Grid & transmission
- Energy storage
- Point source capture
- Energy R&D
- Critical minerals
- Energy supply chains
- Methane reduction
- Air pollution monitoring

Transportation



- Electric vehicles
- Charging infrastructure
- Biofuels
- Sustainable aviation fuel
- Hydrogen
- Battery manufacturing
- Public transportation
- Critical minerals
- Air pollution monitoring

Industry



- Direct air capture
- Hydrogen
- CDR transportation and storage
- Low emission material standards
- Low emission material and chemical R&D
- Port emission reduction
- Air pollution monitoring

Commercial and Residential



- Residential building energy efficiency
- Commercial and public building energy efficiency
- Building electrification
- Rooftop solar
- Low emission material incentives
- Building manufacturing R&D
- Air pollution monitoring

Agriculture



- Conservation incentives
- Conservation technical assistance
- Methane reduction
- Agriculture innovation R&D
- Clean energy for agricultural producers
- Air pollution monitoring

Climate and Resilience



- Drought mitigation
- Wildfire mitigation
- Vegetation and watershed mgmt
- Climate modeling
- Coastal infrastructure
- Ocean acidification
- Resiliency R&D
- Ecosystem restoration
- Water supply mgmt

Shared Infrastructure



- Grid & transmission
- Technology transfer infrastructure
- Innovation hubs
- Critical mineral
- Adv manufacturing
- Energy supply chains
- Resources for the permitting process
- Natural gas pipelines

Federal Policy Pathways for Natural Climate Solutions



Appropriations

Legislation

Executive Actions

Agency Budgets & Program Implementation

Congress OKs Climate, Energy, Water Spending in \$1.5T Bill
 © March 12, 2022 News Editor | GoPolitics, Latest News, RSS | Comments Off



Executive Order on Tackling the Climate Crisis at Home and Abroad
 JANUARY 27, 2021 • PRESIDENTIAL ACTIONS

APRIL 22, 2022
Executive Order on Strengthening the Nation's Forests, Communities, and Local Economies
 BRIEFING ROOM • PRESIDENTIAL ACTIONS

Regulatory Authorities

Biden signs \$1.2T funding package after partial shutdown thwarted
 The vote ends a remarkably tumultuous spending battle that has consumed Congress.

— The House Appropriations Ag-FDA subcommittee is set to unveil its draft bill today and hold a markup tomorrow, kicking off another contentious spending fight.



Key Federal Entities for Natural Climate Solutions



BPC Task Force Policy Recommendations

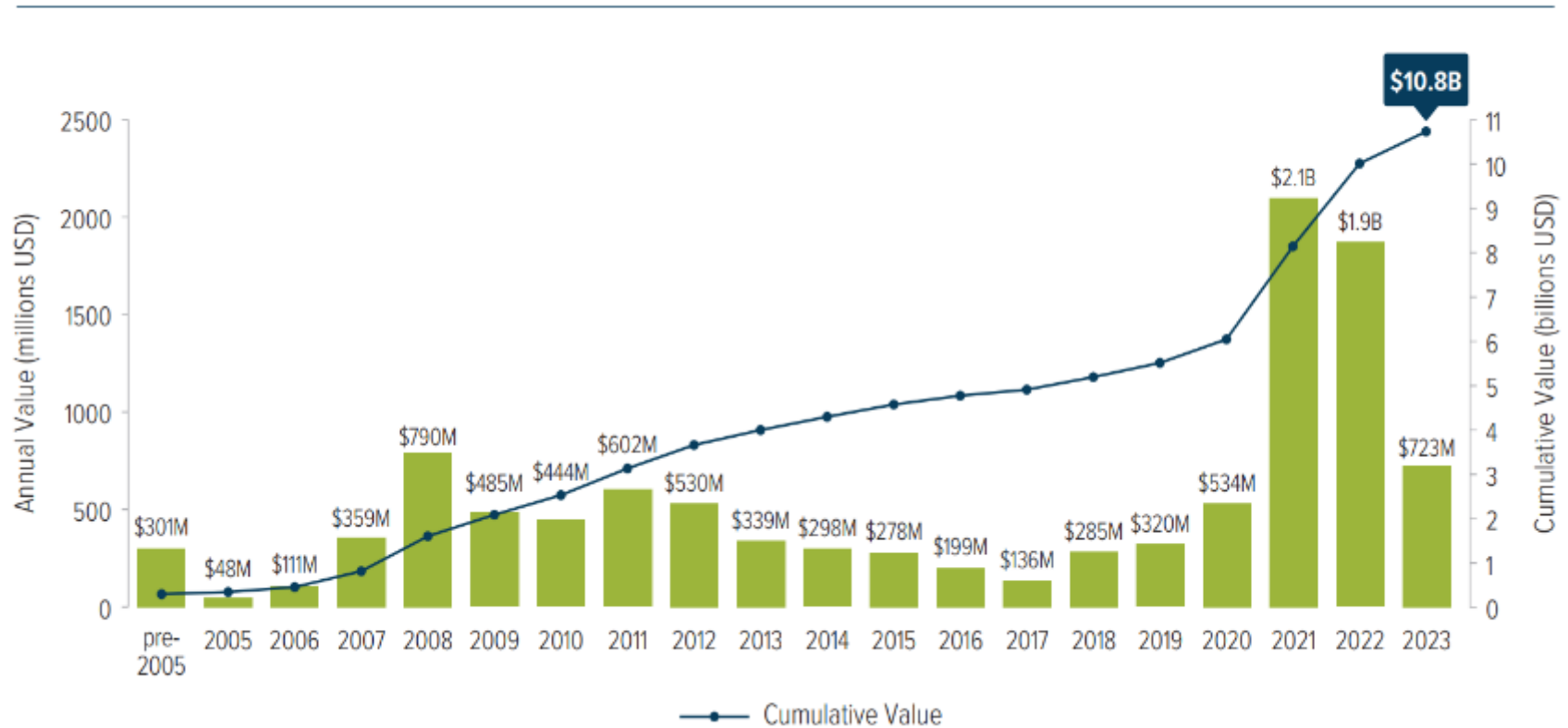
- Scaling public and private investments in natural climate solutions while reducing barriers to voluntary stewardship practices.
- BPC’s task force prioritized 6 policy categories:
 1. Conservation programs
 2. Technical assistance and workforce
 3. Voluntary carbon markets
 4. Finance & insurance
 5. Resilience
 6. Research & innovation



Global Demand for Carbon Credits Returns to pre-2021 Trends

Voluntary carbon market grew nearly 4x in 2021, approaching \$2 billion, and has since reduced to \$723 million, a figure larger than any year prior to 2021

Figure 1. Voluntary Carbon Market Size, by Value of Traded Carbon Credits, pre-2005 to 2023



Forestry, land use, and agriculture credits command higher prices than other projects

Table 3. VCM Transaction Volumes, Values, and Prices, by Project Category, 2022-2023

CATEGORY	2022			2023			Percent Change		
	Volume (MtCO ₂ e)	Value (USD)	Price (USD)	Volume (MtCO ₂ e)	Value (USD)	Price (USD)	Volume	Value	Price
Forestry & Land Use	113.0	\$1.1 B	\$10.14	36.2	\$351.3 M	\$9.72	-68%	-69%	-4%
Renewable Energy	92.7	\$386.1 M	\$4.16	28.6	\$111.1 M	\$3.88	-69%	-71%	-7%
Chemical Processes/ Industrial Manufacturing	13.3	\$68.5 M	\$5.14	12.2	\$50.2 M	\$4.10	-8%	-27%	-20%
Household/ Community Devices	9.1	\$77.6 M	\$8.55	9.9	\$76.6 M	\$7.70	+10%	-1%	-10%
Energy Efficiency/ Fuel Switching	6.6	\$35.6 M	\$5.39	9.4	\$34.4 M	\$3.65	+43%	-3%	-32%
Agriculture	3.8	\$41.7 M	\$11.02	4.7	\$30.6 M	\$6.51	+24%	-26%	-41%
Waste Disposal	6.2	\$44.9 M	\$7.23	1.5	\$10.9 M	\$7.48	-77%	-76%	+3%
Transportation	0.18	\$770 K	\$4.37	-	-	-	-	-	-

Note: EM cannot report an average price for Transportation credits in 2023 because of the confidentiality of individual EM respondent data.

Source: Ecosystem Marketplace, *State of the Voluntary Carbon Market 2023*

USDA Implementing the Growing Climate Solutions Act

- Helps farmers, ranchers, forest landowners understand and access voluntary carbon market; generate credits.
- Requires USDA to:
 - Publish lists of widely accepted industry protocols and maintain voluntary registries of entities that provide technical assistance and meet certain standards set by USDA.
 - Convene an Advisory Council to guide USDA, ensure program is effective, and suggest additional methods to reduce barriers to entry.
 - Assess the current state of carbon market opportunities for U.S. agriculture and forestry.



Justification Report:
USDA Intent to Establish the Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program
Prepared in support of the Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program
February 2024

Report to Congress:
A General Assessment of the Role of Agriculture and Forestry in U.S. Carbon Markets

Written in support of the Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program
October 2023



Considerations for a strong, functioning market

- **Robust supply:** Farmers, ranchers, and forest landowners need to be willing and able to participate in voluntary carbon markets. Return on investment needs to be good enough to incentivize participation.
- **Robust demand:** Credit purchasers need to have confidence in credit quality, that project risks have been adequately managed, and that at the end of the day they will be able to use the credits to support their goals.

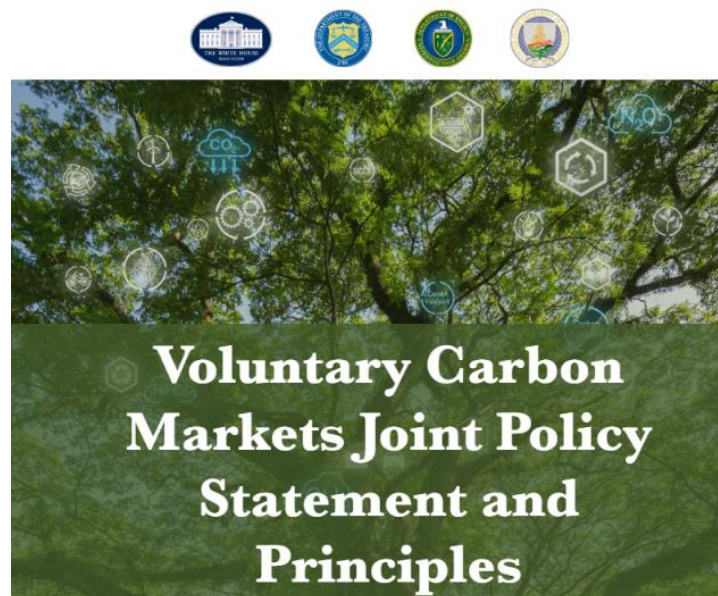


Release Number 8829-23

CFTC Issues Proposed Guidance Regarding the Listing of Voluntary Carbon Credit Derivative Contracts

December 04, 2023

Washington, D.C. — The Commodity Futures Trading Commission has approved a proposed guidance and request for public comment regarding the listing for trading of voluntary carbon credit derivative contracts. The proposed guidance



New Bicameral Momentum, but Collaboration Needed on Farm Bill

- On May 1st, House Agriculture Committee Republican Chair GT Thompson (R-PA) released a high-level summary of his Farm Bill proposal.
- Senate Agriculture Committee Chair Debbie Stabenow (D-MI) followed with a full summary and section by section for her Farm Bill proposal.
- On May 23rd, the House Agriculture Committee reported their Farm Bill by a bipartisan vote of 33-21.
- Senate Agriculture Committee Ranking Member John Boozman (R-AR) is expected to release his framework for a Farm Bill soon.



HOUSE COMMITTEE ON AGRICULTURE THE 2024 FARM BILL

Title I: Commodities. Aids farmers in managing risk and provides assistance following precipitous declines in commodity prices. Through the reauthorization and enhancement of commodity, marketing loan, and crop insurance programs, it provides some certainty in times of uncertainty.

- Increases support for (ARC) programs to a
- Provides authority to participate in ARC/PL
- Modernizes marketing
- Bolsters dairy program
- Enhances standing d

Title II: Conservation. Provide assistance to address a variety of water quality and quantity, and soil conservation improvements.



U.S. SENATOR DEBBIE STABENOW, CHAIRWOMAN

The Rural Prosperity and Food Security Act

Keeping Farmers Farming, Families Fed, and Rural Communities Strong:

- **Makes investments to strengthen the farm safety net;** supports beginning, underserved, and small farmers and ranchers; and focuses assistance on the farmers with dirt under their fingernails and not billionaire and foreign investors.
- **Helps families working hard to make ends meet** by investing in nutrition assistance that puts food on the table, increasing access to fruits and vegetables, and supporting people on their path to self-sufficiency while cracking down on bad actors.
- **Improves the quality of life in rural communities** by improving rural health care, childcare, and education; creating good paying jobs; expanding access to high-speed internet; and lowering costs for families and businesses.

A Strong, Bipartisan Path Forward:

- **The Rural Prosperity and Food Security Act contains more than 100 bipartisan bills** to keep farmers farming, families fed, and rural communities strong.
- **Senate Democrats are showing leadership by putting forward a bill that reflects bipartisan priorities** and meets the needs of farmers, families, and communities.

Natural Climate Solutions and the Farm Bill

- Today's production challenges are a call to action for Congress to update key programs in the 2024 Farm Bill. This includes:
 - Meeting the high demand for voluntary conservation programs
 - Doubling down on U.S. research and innovation
 - Bolstering forestry programs and the seedling supply chain



Conservation



Research



Forestry

Coming Together for a Legislative Harvest

BPC's Farm and Forest Carbon Solutions Task Force Co-Chairs former Senators Saxby Chambliss and Heidi Heitkamp call for Congress to work together to pass a farm bill that provides oversight of and updates to USDA programs that address the changing circumstances and emerging challenges facing American agriculture.

<https://bipartisanpolicy.org/conserving-our-land-growing-our-economy>

Thank you!

<https://bipartisanpolicy.org/energy>

Ljantarasami@bipartisanpolicy.org



[@BPC_Bipartisan](https://twitter.com/BPC_Bipartisan)



[linkedin.com/company/
bipartisan-policy-center/](https://www.linkedin.com/company/bipartisan-policy-center/)



[@BipartisanPolicyCenter](https://www.youtube.com/@BipartisanPolicyCenter)