

October 27, 2006

NEW CARBON PAYMENT AGGREGATOR

As many of you are aware, I have assisted in answering questions from no-till producers about carbon payments in agriculture (or exchange soil offsets-XSO's). This past week it was announced the National Farmers Union through the North Dakota office will accept continuous no-till acres or new grass seedings on cropland in Nebraska (seeded after January 1, 1999) with an online enrollment form due November 3, 2006. Of interest, we can back certify to 2005 (doubles your payment in 2007). If you already have a contract and have been paid for carbon offsets, a letter is coming this week with more instructions for you. You do not have the November 3rd deadline.

If a farmer selects Farmers Union, they need to enroll on the Internet. Go to: www.ndfu.org/4dlink5/4dcgi/ContractForm. After completing the online enrollment form describing eligible land, you then print the appropriate enrollment contract. My suggestion is to print the enrollment contract that allows a no-tiller to back certify to 2005 if the field was in no-till in 2005. The contract length is then 2005-2010.

Iowa Farm Bureau will do the same thing in Nebraska between now and November 3rd for enrolling 2005 acres or back certifying. The only difference being the worksheet is not online. The producers will be added to what they call "Pool 3." The forms to fill out are at: www.iowafarmbureau.com/special/carbon/pdf/sc1.pdf. The only change on the written instruction is you need to send FSA 578 forms for 2005 and 2006. You also need to send a copy of the 2006 FSA maps.

Both parties require the same documentation and are selling exchange soil offsets (XSO's) on behalf of Nebraska continuous no-till farmers through the year 2010. Both regional aggregators charge a 10 percent service fee. The price on vintage 2006 carbon is currently \$4.10 per ton and can change daily. The regional aggregator sells on behalf of the no-till farmers and pays out pools evenly. Participants are paid on one-half ton per acre less a 10 percent service fee so the payment today is around \$1.85 per acre. Price varies daily, you may be paid \$1.00 per acre per year or \$2.00 per acre per year or higher. It all depends on the marketplace and how well your aggregator does. The only thing for sure I can tell you is, if you do not apply, I know what happens.

Thus far in Nebraska, Iowa Farm Bureau paid out \$397,776.15 for Pool 2 participants for the 2003 to 2005 crop years. Mainly continuous no-till acres were enrolled with 225 contracts in 18 counties and the pool average was just shy of \$1.00 per acre. Nebraska farmers enrolled up to 466 new contracts this year through Iowa Farm Bureau which means Nebraska farmers will lead the nation in carbon soil exchange contracts. With two aggregators now doing business in Nebraska, more activity is expected.

There is talk of releasing more counties in Nebraska at a 0.4 ton per acre payment rate. There is also talk about Ducks Unlimited looking at wetland credits and talk about degraded rangeland, paying out carbon credits for improvements. These programs have not been released yet in our region.



I do have fact sheets about this program posted at the Saline County website at:
<http://www.saline.unl.edu/newsitems/carbon> More information on the climate exchange is at:
www.chicagoclimateexchange.com

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