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## **Visiting With Your Regional Extension Educator**

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### **How to Utilize Carbon Credits**

Farmers have an opportunity that will pay them for conservation tillage methods, or plantings of perennial grass and trees with a relative new product, selling carbon credits. I have received many questions on carbon credits and recently was able to attend a workshop on carbon credits provided by Rural Advantage. The carbon credits are a path for landowners to help aid and abate the global climate change through carbon sequestration. The Chicago Climate Exchange (CCX) is a voluntary market that trades carbon credits that was created in 2003. Currently carbon credits are trading around \$4.00.

In order to trade carbon credits you have to be an aggregator and there are minimum asset requirements that many individuals would not qualify as an aggregator. This is where North Dakota's Farmers Union and Iowa's Farm Bureau have taken the lead as aggregators for their respective organizations in 14 states. You can go to [www.nfu.org](http://www.nfu.org) for information about selling your carbon credits with Farmers Union or for the Farm Bureau at: <http://www.iowafarmbureau.com/special/carbon/default.aspx>

Land that is eligible to be enrolled in the Carbon Credit Program must be capable of being cropped, even though it currently may be in a harvested grass or forage crop. It must be designated as "cropland" on Farm Service Agency maps.

Conservation farming such as no-till or strip till practices (disturb less than 30% of soil surface) on land that did not previously have them can receive a carbon credit of ½ metric tons of carbon dioxide per acre per year. Grass plantings planted after January 1, 1999, can be enrolled and receive a credit of ¾ metric tons of CO<sub>2</sub> per acre, this includes land in CRP. Forested land since January 1, 1990, can also receive carbon credits. The amount of credit varies by the type and age of tree planted. Tree plantings in the Upper Mid-West average around 3 to 4 metric tons of CO<sub>2</sub> per acre. Some types receive up to 7 tons per acre.

Remember the timelines for establishment of the three types of methods and then go to one of the above referenced websites to begin signing up. They are currently accepting land for 2006 and 2007 and the land must stay in a carbon sequester format through 2010. Payments are received the year after the carbon has been sequestered with both groups charging a 10%

Aggregation Fee. They keep 20 percent of the payments until the end of the contract, in this case 2010 to ensure enough acres to fulfill the contracts sold on the Chicago Climate Exchange.

Another method for livestock producers to sequester carbon is a methane digester that has been put into operation any time after 1999. Producers can receive a credit for 18.25 metric tons of CO<sub>2</sub> per ton of methane produced per year. Farmers should go to one of the two above websites and get started with the paperwork to receive additional income for practices they may already be incorporating into their farming operation or planning on in the near future.