

Soil Carbon Sequestration: A working contract

A contract between Northwest
no-till farmers and a Louisiana
energy company, Entergy

Introduction

- How did we begin?
- Pacific Northwest Direct Seed Association (PNDSA) 1999
- Environmental Defense (ED) partnership
- One page offer sheet
- Why Entergy responded
 - ◆ “Looking toward tomorrow”
 - ◆ Building an offset forest

Topics of Discussion

- No Federal mandates
- Willing seller and willing buyer
- Kyoto agreement

What the PNDSA desired

A working contract where money actually changed hands and to create opportunities such as;

1. Future contracts
2. Stimulate measurement research

Cash up front

A lease arrangement

What Entergy wanted

Kyoto ready

Long term contract: 10 year

Low price

Emission Reduction Credits

What we negotiated

A ten year lease of 3000 tons CO2 credits annually, through direct seed production practices, for a total of 30,000 tons

\$2.50/ton paid up front

Verified annually by local Conservation District employees visual inspection of direct seed methodology

Emission reduction credits

Aggregation fee of 20% paid to PNDSA

Contract signed May of 2002, started aggregating credits in September 2002

PNDSA / aggregator contract with farmers

- 100 acre maximum @ .55ton CO₂/acre/year
 - ◆ More farmers a chance
 - ◆ Future contracts
 - ◆ Actuarially sound
- Ten year term
 - ◆ Payback criteria if reverting back to tillage during term of contract

Next Steps

- PNDSA / ED agreement
- ED development of additional markets
- May need other groups to meet demand
- Questions and discussion