

SELL ENVIRONMENTAL CREDITS

WHAT MOTIVATES FARMERS TO JOIN ENVIRONMENTAL PROGRAMS?

BY EDITH MUNRO

There's talk about farmers selling environmental credits, and then there's the hard work of turning talk into reality.

In Minnesota's Stearns County, the Sauk River Watershed Ecosystem Services Market illustrates what goes into creating a viable environmental credit trading market.

"We've worked on it for three years," explains Carrie Raber, urban conservationist for the Stearns County Soil and Water Conservation District. "This year we've done a small pilot project in the Cold Spring area." Listening sessions will get feedback from producers on what it would take for them to participate, he says.

In the pilot, a handful of local farmers used an inhibitor to reduce nitrogen (N) leaching into groundwater. That allowed them to reduce N application rates while maintaining yield.

Three of Cold Spring's six wells

are nearing the legal limit for nitrate levels. Paying for growers' N inhibitor to reduce runoff was more cost-effective than drilling new wells.

The Sauk group will test the pilot results and market interest over the winter, with hopes of launching similar projects in New Munich and Melrose. One of the biggest challenges, according to Raber, is getting credit buyers on board.

"We thought the main driver would be water-quality trading because of the TMDLs (total maximum daily load) being developed for the Sauk River, but that has been slow," she says. "So we're focusing on niche markets. Our aim is for systems that allow stacked credits."

WITH STACKED CREDITS, a single buffer might earn credits for water-quality protection, carbon sequestration and habitat preservation. The group is also trying to develop credits for N testing and the cover crops.

Chuck Uphoff, a local dairy farmer and president of the soil and water board, thinks many farmers will participate if rewards are adequate and the process is user-friendly.

"Will it be beneficial not only environmentally but economically?" Uphoff asks. "If producers are going

to do the work, manage the buffers, trees and tillage, it needs to be a fair deal."

Uphoff would also like to see USDA's Environmental Quality Incentive Program (EQIP) added to the equation: "It would be beneficial and more rewarding for producers. As long as you're doing EQIP, it's worth looking at this, too."

Recruiting isn't the only challenge facing the project. Replicating it in other communities will depend on developing a consistent model for determining prices and an approved crediting method. Following standard development protocols is also important, as one project sets precedents for the next.

Despite these challenges, other groups are moving ahead with similar projects. Two other Minnesota watersheds (Great Blue Earth and the Lower and Middle Minnesota River) are under development, and a regional program in the Ohio River basin could lead to credit trading opportunities for growers in eight states, according to Brian Brandt, director of Agriculture Conservation Innovation for the American Farmland Trust (AFT), who says the Ohio project is about one year behind what Sauk River is doing. **CSU**



Water-quality projects across the Midwest use BMPs to address water-quality issues.

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