

More decide to sell carbon credit

By ROD SWOBODA

MORE farmers are signing up to cash in on carbon credits for eligible conservation practices such as no-till and grass buffer strips, say officials of AgraGate Climate Credits Corp., a subsidiary of Iowa Farm Bureau. The carbon credits aggregate expanded its network in 2007 to more states.

"Combined with the work of our predecessor company, AgraGate now has contracted for more than 3.4 million

Key Points

- Carbon credits are an emerging market and provide a new revenue opportunity.
- You can collect payments for carbon credits for soil conservation practices.
- No-till is largest source of credits; new grass seedings can also qualify.

carbon credits with farmers, ranchers and private forest owners," says CEO Dave Krog. "Our customers have ex-

pressed confidence in this emerging market as they take advantage of this new revenue opportunity."

AgraGate was created in July 2007 to broaden Iowa Farm Bureau's carbon credits program, which began in 2003. AgraGate collects credits from farmers, ranchers and foresters and sells them on the Chicago Climate Exchange, or CCX, returning the proceeds to farmers.

You can capture carbon from the air and store it as organic matter in soil to earn the credits. You do this by

using no-till or making new plantings of grass and trees. Firms whose factories are emitting greenhouse gases such as carbon dioxide into the atmosphere buy the credits on the CCX. Thus, companies can comply with clean air regulations by hiring others, such as farmers, to sequester the carbon.

"While no-till remains the largest single source of credits for us, we've also enjoyed success in adding credits from timberland, especially in Louisiana, Mississippi and east Texas," says Krog.

Farmers collect revenue

Credits on the CCX have recently been selling for \$2.15 per credit. For no-till in Iowa, farmers qualify for six-tenths of a credit per acre. There are higher rates for new grass plantings on cropland, such as riparian buffer strips, Conservation Reserve Program land, etc. You sign a five-year contract to do the practices and collect the credits.

At the current price of around \$2 per credit, the income you'd get per acre per year for no-till would be 0.6 times \$2, or \$1.80 an acre. "That's not a lot," Krog admits. "But, by participating, you earn some money now and learn about the program so you can take advantage of a better deal that may come later."

Environmentalists are pushing for federal legislation to mandate reductions in greenhouse-gas emissions by manufacturers and industrial companies. Such a law could launch a rapid growth in carbon credit trading and escalate the prices for carbon credits.

Some projections suggest credits could trade anywhere from \$3 to \$28 over the next eight years. At \$25 per credit, sequestering 0.6 of carbon credit could earn \$15 of extra income per acre.

System is expanding

AgraGate is leveraging its connections to Farm Bureau affiliates in other states as it works to build a nationwide system. "We've reached formal agreements with Farm Bureau organizations in Wisconsin, Idaho and Kansas in the last two months," says Krog. "They join the Iowa, South Dakota and Montana organizations as carbon credits contract facilitators for their states."

"Even the state Farm Bureaus that have declined to participate formally are very helpful in spreading the word about the carbon credit opportunity and our firm's services," he notes.

AgraGate helps farmers capture the revenue by managing a system to provide reliable credit tracking, reporting and certification. "We verify, certify and register the carbon credits," says Krog. "Then we make bundles of credits available to buyers on the CCX. The market determines the price."

The 2008-2012 contract is for cropland farmed with continuous no-till or strip till, or for new grass plantings since Jan. 1, 1999. The contract has a bonus provision if you used these practices last year. The new contract has an option for an additional year of credit for cropland that was no-tilled or strip tilled in 2007. If the tillage practices qualify and can be verified, the farmer can sign up for six years of credits.

■ For more on carbon credits, call 866-633-6758 or visit www.agragate.com.



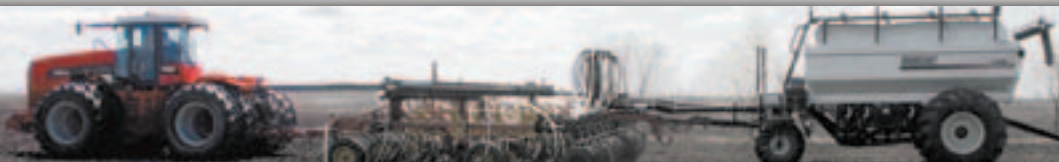
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