

# 2022 POLICY GUIDES

## Carbon

### ISSUE

Many states, including California, have enacted laws requiring companies to have a lower net carbon score, or output of emissions. Some companies are doing this on their own as part of their Environment and Social Governance (ESG) efforts.

Instead of completely changing their practices which cause emissions, companies often-times purchase carbon credits from companies that have a positive impact on the environment, like ethanol plants.

Those companies can increase the value of their carbon credits by certain actions that produce even more positive impacts toward the environment. They do this by working with carbon pipeline companies.

Carbon pipeline companies contract to transport the captured liquified carbon from a plant to a giant underground hole for storage. The three projects in Nebraska transport to specific geological locations that can store carbon in Wyoming, North Dakota, and Illinois.

Because companies that contract with producers, like ethanol plants, can now sell more of what is produced in their process, i.e. carbon, the materials used to make their products, in this case corn and soybeans, become more valuable.

There are also processes that have been developed and are improving, where a producer can quantify their own credit score to sell. A farmer or rancher can pay to have a carbon credit score verified and then sell those credits to an aggregator. An aggregator compiles a lot of smaller credits into a portfolio they can then sell to larger companies looking to improve their carbon credit footprint.

A producer can improve their carbon credit score by instituting various practices. Cover crops, water usage monitoring, and different grazing patterns are a few of many examples of practices that can be tweaked to improve a carbon credit score.

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### BACKGROUND

In 2021, Nebraska Farm Bureau (NEFB) delegates enacted a policy that supports a state-controlled permit process for energy and carbon pipelines with the rights of the property owners at the forefront. They also enacted a policy of research and education into the carbon markets process. In the past year, NEFB has worked with the three companies working carbon pipeline projects in the state to ensure that the projects move forward in partnership and cooperation with agricultural producers impacted by the development.

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## **FARM BUREAU POLICY**

**CARBON MARKETS (2022).** We support research and education to create standards in the climate and carbon credit market.

**PIPELINE (2022).** We believe the development of energy and carbon infrastructure, including pipelines, is in the national interest to assure adequate energy supplies provided measures are in place to assure pipeline safety and protect our natural resources. We believe Nebraska should enact legislation to require a state permit process for energy and carbon pipeline routes to assure the interests of the state are considered in pipeline routing decisions. Such a process should be timely, science-based, assure pipeline safety, protect landowner rights, and meet legal requirements to avoid litigation.

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## **QUESTIONS**

1. Are there opportunities in carbon markets to add value to agricultural producers?
2. Are there regulations that need to be in place to ensure agriculture is represented and protected while these new developing markets are being developed?