



December 21, 2022

**Submitted via www.regulations.gov; Attention Docket ID No.: NRCS-2022-0015
Re: Request for Public Input about Implementation of the Inflation Reduction Act
Funding**

The Honorable Terry Cosby
Chief, Natural Resources Conservation Service
United States Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Dear Chief Cosby:

Land O'Lakes, Inc. welcomes the opportunity to comment on implementation of the almost \$20 billion investment in conservation programs through Inflation Reduction Act of 2022. As we have previously communicated with USDA, Land O'Lakes supports a comprehensive strategy to reduce greenhouse gas (GHG) emissions and we are excited to see this significant funding and USDA's Natural Resources Conservation Service's (NRCS) leadership role in addressing the climate crisis. We know that addressing climate change and its impacts demands a robust, coordinated effort, driven by sound policy. This significant infusion of funding will require an "all-hands-on-deck" delivery network of public and private sector conservationists supporting our nation's farmers, ranchers, and private forest owners.

At Land O'Lakes—the third largest farmer-owned cooperative in the country—we support agricultural sustainability by working with farmers to protect soil, water, and air natural resources in a way that is economically viable. Every day, farmers, ranchers, and private forest owners make stewardship decisions that impact over 1.4 billion acres of non-Federal rural lands – or over 70% of the landmass of the contiguous 48 states¹. It is in all our interest to find collaborative and innovative approaches to help these private land managers be successful.

Land O'Lakes, Inc. is the parent-company to four main business units: Dairy Foods, Purina Animal Nutrition, Truterra, and WinField United. Land O'Lakes, Inc. and our business units are focused on helping farmers identify and adopt on-farm stewardship practices to improve their economic and environmental sustainability. Much of our present work involves helping farmers identify climate-friendly practices that aim to both reduce GHG emissions and improve the health of soils by sequestering carbon.

The Truterra business is built on the idea that farmer return-on-investment can generate environmental return-on-investment. With access to conservation expertise and the latest tools and technology, farmers can make decisions about managing their land, acre-by-acre, such as

¹ [USDA-Natural Resources Conservation Service \(NRCS\)](#), 2017

adopting minimum- or no-till practices, optimizing fertilizer management, or planting cover crops, that can both maximize yields and expand stewardship. Truterra, in collaboration with WinField United and our agricultural retail network, focuses on closing critical knowledge gaps with the goal of de-risking the trying new tools and practices that can keep farm businesses resilient and profitable.

Truterra works with farmers and their trusted agricultural retailers to establish an environmental sustainability baseline for each field, identify improvement opportunities, and model the impact of various conservation practices, products, and tools for on field stewardship and profitability. Instead of focusing on one activity, we develop holistic insights for each agricultural field and support farmers' business decisions, putting them in the driver's seat of advancing stewardship economically and sustainably. Our *Dairy Foods* business is focused on sustainability commitments that will keep our farmer-members on the leading edge of on-farm best practices and help our customers and collaborators achieve their farm-to-fork sustainability goals. *Purina Animal Nutrition* and products like EcoCare® Feed support feed utilization, improve manure management, and optimize livestock resilience. *WinField United*, our crop inputs and insights business, works through data-driven tools and insights to help farmers make environmentally and economically sound decisions.

An acre-by-acre, field-by-field farmer-centric, innovation- and tech-forward approach is critical to addressing the most pressing stewardship and profitability challenges. Ultimately, sustainability can and should be a regular part of the calculation when ag retailers are working with farmers to make decisions about managing their land. At Truterra, we are working with our ag retailer network to deliver the tools, support, and collaboration needed to provide more robust support for farmers.

It is through the lens of our entire agriculture support network that we offer the following comments.

Question 1: What systems of quantification should NRCS use to measure the carbon sequestration and carbon dioxide, methane, and nitrous oxide emissions outcomes associated with activities funded through IRA?

The analysis and models used to quantify climate benefits should operate much like the Conservation Effects Assessment Project (CEAP) operates today in quantifying the benefits and trends in conservation. Intense data gathering, continual monitoring, and reporting required by the private sector for field and operational reporting should not play a role in the prioritizing and delivering of the Inflation Reduction Act (IRA) as these are too site specific and cumbersome for many farmers and agency personnel to manage. The results of intensive on-farm data gathering pre and post implementation will create significant delays in delivering the funding to accomplish meaningful benefits. The funding provided for analysis and reporting of climate benefits should be focused on designing, adapting, and delivering modeling tools that can be seamlessly integrated into NRCS's current software without increasing demands on the limited staff and partners available to assist farmers in implementing and maintaining their conservation practices and systems.

For the purposes of the IRA, the agency should not pursue measurement and quantification systems that result in or interfere with private sector designed reportable and tradable credits within the private marketplace. Rather, the agency should collaborate with public and private science-based entities to produce models and tools that more broadly quantify the benefits of conservation practices and incremental adoption of conservation systems across the varied agriculture production systems for greenhouse gas (GHG) reductions.

For example, the Agency's announced efforts in monitoring soil carbon stocks and improvement should be constructed and managed to inform overall trends across crop, grass and forest private lands. This effort and all quantification and measurement efforts should be managed to produce models that will integrate into the existing agency tools and not create extensive farmer or staff based in-field sampling, data gathering, and record keeping exercises for each field receiving IRA funding.

To reiterate, the agency should evaluate and allocate the measurement and reporting funding from the IRA only to tools that are analytical and can be fully integrated into NRCS's current conservation planning tools. The agency should engage public and private research agencies and organizations in designing and developing tools that promote efficient use of staff and farmers' time. The agency should not let a desire for precision quantification drive the point-of-service for these funds but accept watershed or regional level modeling efforts to support the climate and other environmental benefits derived from the IRA.

2) How can NRCS engage the private sector and private philanthropy to leverage the IRA investments, including for systems of quantification?

Recommendation A: As a foundational concept with respect to the IRA funding, USDA needs to clarify farmers' ownership of their carbon or other ecosystem services credits, even if the initial practice change was financed by USDA programs. Large scale, long-term adoption of climate smart, carbon sequestering practices will require investment from the private and public sectors. The emergence of private ecosystems services markets presents a tremendous opportunity for the public and private sectors to work together to incentivize long-term changes to cropping systems that both help a farmer's profitability and reduce GHGs.

A major question facing the private carbon credit marketplace currently is who owns the carbon sequestration rights or reductions in carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O) emissions, if multiple parties financed the transition to a carbon-sequestering practice. For example, under the USDA NRCS Environmental Quality Incentives Program (EQIP), farmers are paid cost-share to implement a plethora of different practices, but EQIP contracts are often 2-3 years in length and are not meant to provide long-term incentives to farmers. This is a perfect place for an ecosystem market to step in and provide the farmer with additional benefits. Additionally, ecosystem markets being able to step in after public funding expires will give farmers an incentive to continue practice changes, even when public incentives are no longer available.

Further, in most cases it is likely that a mix of private and public dollars will jointly finance practice transitions, such as federal cost-share plus private pay-for-performance programs.

USDA needs to allow for stacking of these public and private incentives to encourage climate-smart systems adoption. Private markets are currently grappling with how to credit farmers for progress made under government programs. We know by working with our grower and retailer network that without continued incentives – such as those from private markets – practice changes could come to a halt. Thus, USDA should work with private industry experts and methodologies to ensure that programs are complementary – both for stacking benefits and during transition from public to private benefits. However, as previously stated in comments to item 1, we do not believe NRCS should focus on creating and supporting tools specifically for the private marketplace as many farmers do not need or require this intensity of analysis and recordkeeping to make decisions with respect to implementing climate benefitting practices when private sector engagement is lacking.

Federal statute provides clear guidance on the issue of ecosystem markets and USDA's role: *(o) Environmental Services Market—The Secretary may not prohibit, through a contract, easement, or agreement under this title, a participant in a conservation program administered by the Secretary under this title from participating in, and receiving compensation from, an environmental services market if 1 of the purposes of the market is the facilitation of additional conservation benefits that are consistent with the purposes of the conservation program administered by the Secretary.*

We recommend USDA publicly clarify that farmers retain the benefit to the carbon credit even if farm bill conservation programs provided the initial incentive to transition to a carbon-sequestering practice. This clarity will go a long way toward helping create more incentives for farmers and increase practice adoption.

Recommendation B: The Regional Conservation Partnership Program (RCPP) is inherently built for and adaptable to the kind of outcomes identified in the IRA. As such, the proposal process should be easily adjusted to fit IRA funding priorities. USDA should look toward existing projects that could fit well in the climate space for RCPP. The agency should assess and credit existing RCPP participants and the currently effective partnerships for access to supplemental or additional funding, especially if their final award was reduced below the proposal request.

Further expand the RCPP Alternative Funding Arrangements and other mechanisms that help the agency partner with private industry. USDA should allow alternative funding arrangements for private sector conservation program/plan delivery. Allowing these arrangements would expand collaboration opportunities between USDA and private entities to conservation programs which could focus on carbon sequestration and GHG reducing conservation practices or systems. Private sector-led conservation can expand NRCS's technical assistance and conservation program delivery while leveraging private sector capacity and expanding public/private efforts. This is vitally important if Congress decides to scale up current conservation programs. These new cooperative agreements could allow for large-scale, private-sector-lead projects by dramatically increasing available boots on the ground.

For example, Truterra is working with Dubuque County, Iowa, the Dubuque Soil & Water Conservation District and local ag retailer Innovative Ag Services on a pay-for-performance

program that supports area growers in adopting more sustainable farming practices that can help improve soil health and water quality, enables them to identify a path to advance stewardship for each individual field, and rewards them for measurable improvements. This is the future of agricultural conservation and USDA should expand these opportunities through pilots across the country or through the Alternative Funding Arrangement under the Regional Conservation Partnership Program to increase opportunities for opportunities such as this.

While the implementation of more efficient conservation practices and systems may provide a farmer with return on investment, oftentimes the upfront expenses to implement the practice and the lack of technical assistance is a barrier. Without these working lands programs, the upfront investment required by the farmer can be too large for them to implement on their own despite the potential return on investment over time. Through these programs, farmers may not only receive financial assistance but also technical assistance from experts who travel to their farm and create a custom plan for each operation. These practices are not a “one-size-fits-all” and therefore this one-on-one approach is also critical to ensure success.

(3) How should NRCS target IRA funding to maximize improvements to soil carbon, reductions in nitrogen losses, and the reduction, capture, avoidance, or sequestration of carbon dioxide, methane, or nitrous oxide emissions, associated with agricultural production?

Recommendation A: It is essential for the Department to look broadly at practices and systems of conservation practices that contribute to reducing greenhouse gases and program delivery using the breadth of the NRCS practice standards to assist farmers. We believe this is the best way to reduce emissions and increase carbon sequestration while providing complimentary soil, air, water, and wildlife ecosystem services. We believe it is important understand that the opportunities in agriculture likely extend well beyond soil health and cover crops as there are many other practices that farmers can implement that could help reduce emissions on their unique enterprise(s).

Through our work on-field with Truterra and WinField United, we know that these are major barriers to practice adoption. Farmers need incentives that help them try new products and systems. Helping to mitigate the upfront yield drag and production risk will encourage more uptake of these practices.

A USDA-focused assistance should provide:

- Cost of implementation of practice or suite of practices,
- Multi-year support for lost income due to yield drag and experimental stage,
- Individualized technical and agronomic assistance to dial in right approach by allowing farmers to choose a “coach or advisor”. The farmer could choose between NRCS, a conservation district or even an agronomist or nutritionist at a local retailer.

Further, funding should be available through NRCS agreements for retailers to hire conservation agronomists who specialize in transitioning to resilient and climate-smart systems.

Recommendation B: Additionally, USDA should work with private industry to understand how new innovations and technologies can be used with USDA programs. For example, USDA

should consider how new nitrogen efficiency, seed, precision agriculture, feeding formulation and additives, animal waste management systems, and technology advancements fit within USDA programs. The market for new technology is constantly evolving and incorporating these innovations into USDA programs will help farmers find the right solutions for their land.

Focus conservation programs, particularly EQIP's Conservation Innovation Grants and On-Farm Trials, on achieving scaled systems, rather than small-scale changes. The 2018 Farm Bill authorized the Conservation Innovation On-Farm Trial Program, which incentivizes farmers to test new and innovative cropping systems. The program can speed adoption of practices like precision agriculture, cover crops and crop rotations, and feed management by proving out practices at field/operation scale. Innovation Trials should be focused more on scaling up practices across the landscape and should work with ag retailers and cooperatives to put these practices on the ground. During the last round of applications, many awards went to universities. While institutions of higher learning certainly have a part to play – the program should focus on incentivizing farmers to adopt and demonstrate innovative practices by participating financially in the risk associated with innovation.

Recommendation C: Additionally, dairy farmers are interested in new approaches to feed management that can reduce enteric methane emissions and subsequently reduce GHG emissions from dairy production. Enteric methane emissions, including gas released from cow eructation, account for approximately 1/3 of an average dairy farm's GHG footprint². Addressing enteric emissions through USDA conservation programs could substantially impact GHG emissions. We recommend that NRCS review the existing feed management practice standard considering ongoing changes in this area. New feed amendments that reduce GHG emissions and routine milk analysis, such as milk urea nitrogen, which can be used to refine dairy cow diets to reduce ammonia volatilization and overall nitrogen from animal waste should also be included in EQIP practices and conservation practice standards.

USDA should also consider establishing a transition program for switching rations to reduce environmental impact. This program could begin with a review of the rations, like an energy audit, and then cover the costs of test rations, recommendations, action to reduce enteric emissions, and moving to high quality feed that could positively impact enteric GHG emissions. These approaches to feed management could greatly improve the assistance that can be provided to dairy operations and could result in positive environmental impacts.

Summarily, NRCS has been inconsistent across states in providing support to animal waste management systems. In many locations the priorities have been further limited to the design and installation of components that address discharges and water quality priorities. With the additional IRA funding, NRCS should expand and offer waste management system components that reduce GHG emissions throughout the on-farm waste stream production and management flow.

Recommendation D: Across all programs, the agency should resist approaches that view practices in isolation with respect to GHG reductions and related climate impacts. Integrating practices into an efficient system of conservation practices will likely yield greater, and improve

² [Newtrient](#), 2020

the likelihood of, sustained climate benefits than an individual practice alone. The agency should encourage and support the adoption of climate benefiting systems as a priority by making available all practices that contribute synergistically to a climate benefiting system. The agency should recognize that while one practice individually may not yield significant benefits, the integration of that practice in a broader conservation system can greatly improve the overall environmental benefits.

As such, we caution the agency against being too narrow in its approach to identifying individual practices as climate benefiting but rather suggest that the agency focus on all practices that comprise high functioning climate benefiting conservation systems. Overly focusing on few practices could disincentivize adoption of important conservation system components.

4) How should NRCS streamline and improve program delivery to increase efficiencies and expand access to IRA funded programs and projects for producers, particularly underserved producers?

Recommendation A: Rather than conducting separate application announcements for IRA funds, all application and funding announcements should be blended into the traditional funding announcements. This should hold true for existing initiatives that deliver climate benefiting practices and systems. The agency can allocate funding to the practices, bundles, or conservation systems deemed to yield benefits as described for each program within the IRA. Additionally, for EQIP and CSP, the agency should establish a threshold scoring system for both programs that would allow for expedited approval and contracting where the practices, practice bundles, and conservation systems support the requirements of the IRA. This will reduce process confusion with farmers, accumulation of duplicate applications on the same land, streamline the application selection process, and result in accelerated contracting and implementation. The resulting climate benefits could begin accruing in the near term rather than 9 to 18 months later under the current application selection and contracting process.

Recommendation B: The current process of evaluating and selecting applications across all programs carries a significant workload for agency and partner staff. Locally-led processes would allow states the latitude and flexibility to offer a broader suite of practices and bundles of practices that are complimentary to existing conservation practices that are progressive in achieving additional climate benefiting gains. Locally-led processes, in contrast to NHQ decision-making, are better able to assess the appropriate and needed conservation practices and create the application criteria that ensure the appropriate connectivity to the IRA.

5) How can NRCS expand capacity among partners to assist in providing outreach and technical assistance to support the implementation of IRA funding?

Recommendation A: The Agency should develop a comprehensive plan to engage the private sector to help deliver financial and technical assistance. Current farm bill conservation programs are some of the quickest and easiest ways to get regenerative, climate benefiting agriculture practices on the ground, but without the needed investment in technical assistance these programs cannot be successful. Prudent investment in technical assistance funding provided by the IRA will allow NRCS to add capacity at the local level through additional staff and expanded

collaboration, which is crucial for ensuring that farmers have access to the local technical experts.

USDA should immediately look at innovative ways to deliver this technical assistance and engage the private sector. One idea is to target technical assistance where growers go for production information. Working with trusted farmer advisors and retailers could be an important step to create on-farm change and spur on-farm innovation. Farmers are more receptive to conversations about conservation with a trusted advisor, such as their ag retailer, rather than the government or private companies they have never worked with before. Currently, Land O'Lakes has worked with conservation districts to put several technical assistance experts in agriculture retailers to be able to touch more farmers. USDA should expand the use of technical assistance grants in this innovative manner.

Second, the 2018 Farm Bill allowed farmer-owned cooperatives and agriculture retailers to become USDA technical service providers (TSPs), allowing them to design and deliver conservation activities. The Farm Bill also created an effort at NRCS that would allow farmer-owned cooperatives to certify TSPs. This farm bill provision has yet to be fully implemented at USDA and is a needed tool. Allowing cooperatives to certify TSPs will help expand the conservation delivery capacity needed to implement climate-smart agriculture practices.

Furthermore, the Agency should explore opportunities for connectivity and transparency in farmer access to emerging environmental credit opportunities. Existing private sector markets are in their early stages, and the science supporting these markets is evolving. With this, it is complex and challenging for potential institutional buyers of environmental credits to access GHG offset opportunities and confusing for individual farmers or ranchers to understand where to begin.

Recommendation B: Reward early adopters of carbon sequestering practices. USDA should pursue creative and innovative ways to reward long-term adopters of conservation practices. USDA could incentivize these farmers to share knowledge through peer-peer efforts with small financial incentives. Experienced growers could be matched regionally with those new to regenerative agriculture practices helping both with agronomic expertise but also with the cultural barriers associated with changing cropping system. While the Conservation Stewardship Program (CSP) is one example of USDA providing financial incentives to farmers for past conservation efforts, the Department should think creatively to harness the experience and expertise garnered through years of trial and error by these first adopters.

Recommendation C: Conduct a focused effort to identify and fix systemic barriers facing historically disadvantaged farmers. Land O'Lakes appreciates USDA's focus on understanding and fixing the systemic barriers facing historically disadvantaged farmers, including Black and indigenous farmers. Helping these individuals access USDA conservation and climate programs is one piece of addressing historical discrimination, while also creating more capacity for fighting the climate crisis. To create this capacity, equal access to information and education for historically disadvantaged farmers is critical. Increasing information sharing – through entities like county FSA and county extension, support networks, and training on commodity markets and climate opportunities is crucial. In particular, with new emerging market opportunities for

farmers and ranchers to generate and transact ecosystem credits, we must collectively ensure that historically underserved and limited resource farmers have access to these markets by addressing technological and services barriers. These barriers include access to agronomic and conservation planning assistance to identify and adopt additional practices to sequester carbon and reduce GHG emissions. In addition, access to precision agriculture tools – from Farm Management Information Systems to Variable Rate Technology to apply fertilizers and crop protection products – is vital to collect and manage data and ensure effective conservation adoption. Connecting historically underserved farmers with technical and financial assistance to address these barriers will be vital for ensuring their ability both adopt climate-smart practices and transact ecosystem credits.

Thank you for the opportunity to provide input on this important matter. We look forward to the continued partnership with USDA as it looks to implement this new funding provided by the Inflation Reduction Act.

Sincerely,

A handwritten signature in black ink that reads "Peter Kappelman". The signature is written in a cursive style with a large initial "P".

Peter J. Kappelman
Sr. Vice President, Member & Government Relations
Land O'Lakes, Inc.