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1 **TITLE ____—OFFSETS**2 **SEC. __01. DEFINITIONS.**

3 In this title:

4 (1) **ACADEMY.**—The term “Academy” means
5 the National Academy of Sciences.

1 (2) ADMINISTRATOR.—The term “Adminis-
2 trator” means the Administrator of the Environ-
3 mental Protection Agency.

4 (3) ADVISORY COMMITTEE.—The term “Advi-
5 sory Committee” means the Greenhouse Gas Emis-
6 sion Reduction and Sequestration Advisory Com-
7 mittee established under section __02(a)(1).

8 (4) APPROPRIATE OFFICIAL.—The term “ap-
9 propriate official” means—

10 (A) the Secretary, with respect to any do-
11 mestic agriculture or forestry offset project; and

12 (B) the Administrator, with respect to all
13 other offset projects.

14 **[(5) COVERED ENTITY.—The term “covered**
15 **entity” means an entity that emits capped emissions,**
16 **including any entity in the industrial sector, the elec-**
17 **tricity generation sector, the transportation sector,**
18 **or the residential or commercial sector (to the extent**
19 **those sectors burn oil or natural gas), but not in-**
20 **cluding the agricultural or forestry sector. *【Term is***
21 ***defined but not used in title.*】**

22 (6) EMISSION REDUCTION.—The term “emis-
23 sion reduction” means the reduction, avoidance, de-
24 struction, or sequestration of greenhouse gas emis-
25 sions.

1 (7) OFFSET PROJECT.—The term “offset
2 project” means a project or activity that achieves
3 emission reductions, and for which offset credits are
4 issued under this Act.

5 (8) SECRETARY.—The term “Secretary” means
6 the Secretary of Agriculture.

7 **SEC. _02. ADVISORY COMMITTEE.**

8 (a) ESTABLISHMENT.—

9 (1) ADVISORY COMMITTEE.—The Secretary and
10 the Administrator shall jointly establish an advisory
11 committee, to be known as the “Greenhouse Gas
12 Emission Reduction and Sequestration Advisory
13 Committee”, to provide scientific and technical ad-
14 vice on the establishment and implementation of an
15 offset project program with respect to offset projects
16 under the jurisdiction of the Secretary and the Ad-
17 ministrator.

18 (2) AUTHORITY.—In carrying out paragraph
19 (1), the Administrator and the Secretary shall use
20 existing authority under, as appropriate—

21 (A) the Clean Air Act (42 U.S.C. 7401 et
22 seq.);

23 (B) the Federal Advisory Committee Act
24 (5 U.S.C. App.); and

1 (C) section 1245 of the Food Security Act
2 of 1985 (16 U.S.C. 3845).

3 (b) MEMBERSHIP.—

4 (1) IN GENERAL.—The Advisory Committee
5 shall be composed of not less than 9 and not more
6 than 15 individuals with relevant education, train-
7 ing, and experience selected for appointment jointly
8 by the Secretary and the Administrator from among
9 lists of candidates who shall be—

10 (A) identified by the Academy; or

11 (B) representative of land grant univer-
12 sities, academia, business, nongovernmental or-
13 ganizations, and Federal, State, and local gov-
14 ernment.

15 (2) REQUIREMENT.—Not more than $\frac{1}{3}$ of the
16 members of the Advisory Committee may be officers
17 or employees (including contractors) of any Federal
18 agency.

19 (3) TERM.—A member—

20 (A) shall be appointed to the Advisory
21 Committee for a term of 3 years (except for ini-
22 tial terms for which members may be appointed
23 for a term of 4 or 5 years to allow staggering);
24 and

1 (B) may be reappointed for 1 additional 3-
2 year term (which may directly follow a first
3 term), at the discretion of the Secretary and
4 the Administrator.

5 (4) VACANCIES.—A vacancy on the Advisory
6 Committee—

7 (A) shall not affect the powers of the Advi-
8 sory Committee; and

9 (B) shall be filled in the same manner as
10 the original appointment was made.

11 (5) INITIAL MEETING.—Not later than 30 days
12 after the date on which all members of the Advisory
13 Committee have been appointed, the Advisory Com-
14 mittee shall hold the initial meeting of the Advisory
15 Committee.

16 (6) MEETINGS.—The Advisory Committee shall
17 meet at the call of the Chairperson, with the ap-
18 proval of the designated Federal officer.

19 (7) QUORUM.—A majority of the members of
20 the Advisory Committee shall constitute a quorum,
21 but a lesser number of members may hold hearings.

22 (8) CHAIRPERSON.—The Secretary and the Ad-
23 ministrator shall jointly select a Chairperson of the
24 Advisory Committee from among the members of the
25 Advisory Committee.

1 (c) EXPERTISE.—On approval of the Secretary and
2 the Administrator, the Advisory Committee may seek out-
3 side expertise, as necessary, and form subcommittees or
4 workgroups for any purpose consistent with this section.

5 (d) DUTIES.—

6 (1) REPORTS ON OFFSET PROJECT CAT-
7 EGORIES.—

8 (A) IN GENERAL.—Not later than 180
9 days after the date on which all initial members
10 of the Advisory Committee have been appointed,
11 the Advisory Committee shall submit to the
12 Secretary and the Administrator and make
13 available to the public a report containing rec-
14 ommendations regarding the types of offset
15 project categories pursuant to section __05, and
16 relevant data regarding practices for those cat-
17 egories, that should be considered to be eligible
18 to generate offset credits under this title.

19 (B) FACTORS.—In developing the rec-
20 ommendations described in subparagraph (A),
21 the Advisory Committee shall take into ac-
22 count—

23 (i) the extent to which, as of the date
24 of submission of the report, the project or
25 activity types within each category—

1 (I) are required by law (including
2 a regulation); or

3 (II) represent business-as-usual
4 (absent funding from offset credits)
5 practices for a relevant land area, in-
6 dustry sector, or forest, soil, or facility
7 type;

8 (ii) the potential for accurate quan-
9 tification of net emission reductions;

10 (iii) any corresponding environmental
11 benefits or disadvantages; and

12 (iv) the potential supply of emission
13 reductions available from the category.

14 (C) CATEGORIES FOR CONSIDERATION.—

15 In determining which categories of activities to
16 recommend under subparagraph (A), the Advi-
17 sory Committee shall consider, at a minimum,
18 with respect to each category and the jurisdic-
19 tion of the Secretary and Administrator, as ap-
20 propriate, project types that are listed under
21 section __05.

22 (D) METHODOLOGIES.—For each rec-
23 ommended offset project category, the Advisory
24 Committee may recommend 1 or more meth-

1 methodologies for use in calculating or determining
2 additionality for a project in that category.

3 (2) REPORTS ON EMISSION REDUCTION INTEG-
4 RITY.—

5 (A) IN GENERAL.—Not later than 180
6 days after the date of promulgation of any reg-
7 ulations relating to offsets required under this
8 Act, and periodically thereafter, using the best
9 available science, the Advisory Committee shall
10 jointly provide to the Secretary and the Admin-
11 istrator, respectively, and submit for publication
12 a report containing recommendations on how to
13 ensure the emission reduction integrity of the
14 offset projects under this Act, including with re-
15 gard to—

16 (i) quantifying credits for net emission
17 reductions resulting from offset projects;

18 (ii) determining additionality, includ-
19 ing—

20 (I) the application of standards
21 that are specific to each project type;
22 and

23 (II) the use of methodologies that
24 account for business-as-usual (absent
25 funding from offset credits) practices

1 or other direct comparisons within a
2 relevant land area, industry sector, or
3 forest, soil, or facility type;

4 (iii) accounting for economic and
5 emission leakage associated with project
6 activities, including the application of sec-
7 tor-specific leakage factors in order to re-
8 flect net changes in domestic and inter-
9 national emissions and sequestration re-
10 sulting from the project;

11 (iv) accounting for uncertainty and
12 application of uncertainty factors;

13 (v) methods to measure, verify, and
14 otherwise ensure project results with suffi-
15 cient scientific integrity to meet the objec-
16 tives of the program;

17 (vi) establishing appropriate insurance
18 requirements, buffer reserves, or other op-
19 tions to address the risk of reversals by
20 project type and conditions;

21 (vii) minimizing administrative costs
22 and burdens on project representatives;
23 and

24 (viii) meeting any other criteria the
25 Advisory Committee recommends be ap-

1 plied to ensure that projects assist in meet-
2 ing the overall objectives of this Act.

3 (B) RESPONSE.—Not later than **【 ____ 】**
4 days after the date of receipt of a report under
5 subparagraph (A), the Secretary and the Ad-
6 ministrator shall jointly make available to the
7 public a response to the report.

8 (e) POWERS.—

9 (1) HEARINGS.—The Advisory Committee may,
10 with the consent of the Secretary and the Adminis-
11 trator, hold such hearings, meet and act at such
12 times and places, take such testimony, and receive
13 such evidence as the Advisory Committee considers
14 advisable to carry out this section.

15 (2) INFORMATION FROM FEDERAL AGENCIES.—

16 (A) IN GENERAL.—The Advisory Com-
17 mittee may secure directly from a Federal agen-
18 cy such information as the Advisory Committee
19 considers necessary to carry out this section.

20 (B) PROVISION OF INFORMATION.—On re-
21 quest of the Chairperson of the Advisory Com-
22 mittee, the head of the agency shall provide the
23 information to the Advisory Committee.

24 (3) POSTAL SERVICES.—The Advisory Com-
25 mittee may use the United States mails in the same

1 manner and under the same conditions as other
2 agencies of the Federal Government.

3 (f) ADVISORY COMMITTEE PERSONNEL MATTERS.—

4 (1) COMPENSATION OF MEMBERS.—

5 (A) NON-FEDERAL EMPLOYEES.—A mem-
6 ber of the Advisory Committee who is not an
7 officer or employee of the Federal Government
8 shall be compensated at a rate equal to the
9 daily equivalent of the annual rate of basic pay
10 prescribed for level IV of the Executive Sched-
11 ule under section 5315 of title 5, United States
12 Code, for each day (including travel time) dur-
13 ing which the member is engaged in the per-
14 formance of the duties of the Advisory Com-
15 mittee.

16 (B) FEDERAL EMPLOYEES.—A member of
17 the Advisory Committee who is an officer or
18 employee of the Federal Government shall serve
19 without compensation in addition to the com-
20 pensation received for the services of the mem-
21 ber as an officer or employee of the Federal
22 Government.

23 (2) TRAVEL EXPENSES.—A member of the Ad-
24 visory Committee shall be allowed travel expenses,
25 including per diem in lieu of subsistence, at rates

1 authorized for an employee of an agency under sub-
2 chapter I of chapter 57 of title 5, United States
3 Code, while away from the home or regular place of
4 business of the member in the performance of the
5 duties of the Advisory Committee.

6 **SEC. _03. ESTABLISHMENT OF PROGRAM TO CREDIT RE-**
7 **DUCED EMISSIONS FROM UNCAPPED DOMES-**
8 **TIC SOURCES AND SINKS.**

9 (a) PROGRAM.—

10 (1) IN GENERAL.—Not later than 1 year after
11 the date of enactment of this Act, the Administrator
12 and the Secretary shall, in accordance with this Act,
13 establish a program to govern the creation of credits
14 from emission reductions from uncapped domestic
15 sources and sinks.

16 (2) EMISSION REDUCTION INTEGRITY; RULE-
17 MAKING.—In carrying out the program under this
18 section, the Administrator and the Secretary shall,
19 to the maximum extent practicable—

20 (A) protect the emission reduction integ-
21 rity of the program while minimizing burdens
22 on offset project representatives;

23 (B) prioritize rulemaking for activities that
24 present the fewest technical challenges and

1 greatest certainty of net atmospheric benefit,
2 considering the recommendations of—

3 (i) the Advisory Committee submitted
4 under section __02; and

5 (ii) other Federal agencies; and

6 (C) ensure that consistent requirements
7 and procedures apply in the case of offset
8 project types that fall within the respective pur-
9 views of the Administrator and the Secretary.

10 (b) REGISTRY.—Not later than 1 year after the date
11 of enactment of this Act, the Administrator, in consulta-
12 tion with the Secretary and the heads of other appropriate
13 Federal agencies, shall establish a registry (or expand an
14 established emission allowance registry) for use in record-
15 ing approved credits issued under this section to reflect
16 emission reductions from uncapped sources and sinks.

17 (c) DEPARTMENT OF AGRICULTURE ROLE.—In addi-
18 tion to the duties described in subsection (a) and section
19 1245 of the Food Security Act of 1985 (16 U.S.C. 3845),
20 the Secretary shall, with respect to relevant or appropriate
21 projects relating to emission reductions from uncapped
22 sources and sinks in agriculture and forestry—

23 (1) gather inventory data on carbon stocks and
24 fluxes to inform rulemaking with respect to agricul-
25 tural and forestry sectors;

1 (2) administer as the lead agency the duties
2 prescribed under sections __05, __06, __07, and
3 __10;

4 (3) prepare the Forest Service, the Natural Re-
5 sources Conservation Service, the Farm Service
6 Agency, and other applicable entities to make avail-
7 able to landowners and project representatives car-
8 bon sequestration data and other information on ag-
9 ricultural and forest land that are necessary to as-
10 sist landowners and project representatives in esti-
11 mating carbon sequestration rates by land area or
12 appropriate region, forest type, soil type, and other
13 appropriate factors;

14 (4) make available technical assistance to land-
15 owners undertaking activities in preparation for the
16 sale of carbon credits derived from activities on the
17 land of the landowners, including work and opportu-
18 nities with third-party verifiers pursuant to section
19 __08;

20 (5) take into consideration expanding existing
21 training and accreditation programs of the Natural
22 Resources Conservation Service for third-party tech-
23 nical service providers to provide training and ac-
24 creditation for third-party verifiers pursuant to sec-
25 tion __08; and

1 (6) promulgate such regulations as are nec-
2 essary to carry out the functions of the Secretary
3 under this Act.

4 **SEC. __04. USE OF CREDITS FOR COMPLIANCE PURPOSES.**

5 The Administrator shall promulgate regulations to
6 require that, for each calendar year beginning with the
7 first fiscal year in which the limitation on the emission
8 of greenhouse gases under this Act takes effect, owners
9 and operators of facilities that are subject to regulation
10 under this Act may satisfy the allowance submission re-
11 quirements of the owners and operators under [section
12 _____] by submitting credits generated pursuant to this
13 title.

14 **SEC. __05. ELIGIBLE PROJECTS.**

15 (a) LIST OF ELIGIBLE PROJECT TYPES.—Each ap-
16 propriate official shall establish and maintain a list of
17 types of offset projects eligible to generate offset credits
18 under this Act.

19 (b) INITIAL LIST OF PROJECT TYPES.—

20 (1) IN GENERAL.—Not later than 1 year after
21 the date of enactment of this Act, each appropriate
22 official shall establish an initial list of eligible project
23 types under subsection (a) giving priority to projects
24 with well-established methodologies.

1 (2) EMISSION REDUCTION ACTIVITIES.—The
2 appropriate official shall include on the list required
3 under this subsection, at a minimum, activities that
4 provide emission reductions, such as—

5 (A) methane collection at underground coal
6 mines, landfills, and natural gas systems;

7 (B) nonlandfill projects that involve collec-
8 tion, combustion, or avoidance of emissions
9 from organic waste streams that would have
10 otherwise emitted methane into the atmosphere,
11 including manure management, composting, or
12 anaerobic digestion projects;

13 (C) projects involving afforestation or re-
14 forestation of acreage not forested as of Janu-
15 ary 1, 2009;

16 (D) forest management resulting in an in-
17 crease in forest carbon stores, including har-
18 vested wood products;

19 (E) projects that capture and geologically
20 sequester uncapped greenhouse gas emissions
21 with or without enhanced oil or methane recov-
22 ery in active or depleted oil, carbon dioxide, or
23 natural gas reservoirs;

24 (F) recycling and waste minimization
25 projects;

1 (G) projects to abate the production of ni-
2 trous oxide at nitric acid production facilities
3 and other stationary sources;

4 (H) wetland restoration projects;

5 (I) projects for biochar production and use;

6 (J) projects that destroy ozone-depleting
7 substances that have been phased out of pro-
8 duction and import in the United States;

9 (K) projects relating to agricultural, grass-
10 land, and rangeland sequestration and manage-
11 ment practices, including—

12 (i) altered tillage practices, including
13 avoided abandonment of conservation prac-
14 tices;

15 (ii) winter cover cropping, continuous
16 cropping, and other means to increase bio-
17 mass returned to soil in lieu of planting
18 followed by fallowing;

19 (iii) the use of technology or practices
20 to improve the management of nitrogen
21 fertilizer use, including slow and con-
22 trolled-release fertilizers (including ab-
23 sorbed, coated, occluded, or reacted fer-
24 tilizers) and stabilized nitrogen fertilizers
25 (including urease, nitrification inhibitors,

1 and nitrogen stabilizers) that are recog-
2 nized by State regulators of fertilizers;

3 (iv) reduction in the frequency and
4 duration of flooding of rice paddies;

5 (v) reduction in carbon emissions
6 from organic soils and farming practices;

7 (vi) reduction in greenhouse gas emis-
8 sions due to changes in animal manage-
9 ment practices, including dietary modifica-
10 tions;

11 (L) projects for changes in carbon stocks
12 attributed to land use change and forestry ac-
13 tivities, including—

14 (i) conservation and improved man-
15 agement of grassland and forested land;

16 (ii) reduced deforestation or avoided
17 forest conversion;

18 (iii) management of peatland or wet-
19 land

20 (iv) urban tree-planting and mainte-
21 nance;

22 (v) agroforestry; and

23 (vi) adaptation of plant traits or new
24 technologies that increase sequestration by
25 forests; and

1 (M) projects for manure management and
2 disposal, including—

3 (i) waste aeration;

4 (ii) biogas capture and combustion;

5 and

6 (iii) application to fields as a sub-
7 stitute for commercial fertilizer.

8 (c) MODIFICATIONS TO THE LISTS OF ELIGIBLE
9 TYPES OF OFFSET PROJECT.—

10 (1) MODIFICATIONS.—

11 (A) IN GENERAL.—At any time, after tak-
12 ing into consideration any relevant rec-
13 ommendations of the Advisory Committee, the
14 appropriate official may by regulation deter-
15 mine whether to add additional types of
16 projects, pursuant to subsection (a), to the list
17 of eligible projects of the appropriate official
18 under subsection (a).

19 (B) CRITERION FOR ADDITION.—The ap-
20 propriate official shall add a type of project to
21 an eligible list in accordance with subparagraph
22 (A) only if the type of project to be added is ca-
23 pable of generating emission reductions that
24 meet the requirements under section __06.

25 (C) PETITION FOR ADDITION.—

1 (i) IN GENERAL.—Any person may
2 petition the appropriate official at any time
3 to add a type of project to a list described
4 in subsection (a).

5 (ii) RESPONSE.—Not later than 180
6 days after the date of receipt of the peti-
7 tion, the appropriate official shall respond
8 to the petition.

9 (2) REMOVALS FROM THE LIST.—

10 (A) IN GENERAL.—Not later than January
11 1, [insert date that is 5 years after the fiscal
12 year in which emission limitations first take ef-
13 fect], and every 3 years thereafter, the appro-
14 priate official shall determine whether to re-
15 move types of projects, pursuant to subsection
16 (b), from the eligible list of the appropriate offi-
17 cial.

18 (B) REQUIREMENTS.—The appropriate of-
19 ficial may remove a type of project from the eli-
20 gible list of the appropriate official only—

21 (i) by regulation; and

22 (ii) if—

23 (I) the type of project has be-
24 come required by law (including a reg-
25 ulation);

1 (II) the agency with responsi-
2 bility for administering the project de-
3 termines that the environmental harm
4 resulting from the type of project ex-
5 ceeds the greenhouse gas emission
6 abatement benefits of the project; or

7 (III) the project activity has be-
8 come customary, and would remain
9 customary even without the avail-
10 ability of offset credits.

11 **SEC. 06. REQUIREMENTS FOR OFFSET PROJECTS.**

12 (a) **METHODOLOGIES.—**

13 (1) **IN GENERAL.—**Subject to paragraph (2),
14 not later than 1 year after the date of inclusion of
15 a project type on an eligible list under section 05
16 (a), the appropriate official shall by regulation estab-
17 lish for that project type 1 or more standardized
18 methodologies, performance standards, or bench-
19 marks—

20 (A) for use in determining the additionality
21 of greenhouse gas emission reductions achieved
22 by an offset project of that type, that ensures,
23 at a minimum, that any greenhouse gas emis-
24 sion reduction is considered additional only to

1 the extent that the reduction results from ac-
2 tivities that—

3 (i) are not required by or undertaken
4 to comply with any law (including any reg-
5 ulation or consent order, but excluding any
6 contract);

7 (ii) were not commenced prior to Jan-
8 uary 1, 2009, except for offset project ac-
9 tivities described in section __11 that com-
10 menced after January 1, 2001, and were
11 registered as of the date of enactment of
12 this Act under an offset program with re-
13 spect to which the Administrator and Sec-
14 retary have made an affirmative deter-
15 mination under paragraph (2) or (3) of
16 section __11(a); and

17 (iii) exceed the activity baseline estab-
18 lished under paragraph (2);

19 (B) for use in establishing activity base-
20 lines for offset projects of that type, which ac-
21 tivity baselines shall be established by the ap-
22 propriate official to reflect a conservative esti-
23 mate of business-as-usual performance or prac-
24 tices for the relevant type of activity such that
25 the baseline provides an adequate margin of

1 safety to ensure the emission integrity of offsets
2 calculated in reference to the baseline;

3 (C) for use in determining the extent to
4 which greenhouse gas emission reductions
5 achieved by an offset project of that type exceed
6 a relevant activity baseline, including protocols
7 for use in monitoring and accounting for uncer-
8 tainty; and

9 (D) for use in accounting for and miti-
10 gating potential leakage, if any, from an offset
11 project of that type, taking uncertainty into ac-
12 count.

13 (2) AGRICULTURAL OR FORESTRY OFFSET
14 PROJECTS.—In the case of an agricultural or for-
15 estry offset project, the Secretary shall determine—

16 (A) the relevant geographic area for the
17 activities described in paragraph (1); and

18 (B) the extent of usage of the activities in
19 the area.

20 (b) ACCOUNTING FOR REVERSALS.—

21 (1) ACCOUNTING.—

22 (A) IN GENERAL.—For each type of se-
23 questration project listed under section __05,
24 the appropriate official shall prescribe such
25 mechanisms to ensure that any sequestration

1 with respect to which an offset credit is issued
2 under this Act results in a net increase in se-
3 questration, and that a full and transparent ac-
4 count is taken of any actual or potential rever-
5 sal of the sequestration, with an adequate mar-
6 gin of safety.

7 (B) MINIMUM MECHANISMS.—The appro-
8 priate official shall prescribe at least 1 of the
9 following mechanisms to meet the requirements
10 of this paragraph:

11 (i) An offsets reserve, pursuant to
12 paragraph (2).

13 (ii) Insurance that provides for pur-
14 chase and provision to the appropriate offi-
15 cial for retirement of a quantity of offset
16 credits or emission allowances equal in
17 number to the tons of carbon dioxide
18 equivalents of greenhouse gas emissions re-
19 leased due to reversal.

20 (iii) Another mechanism that the ap-
21 propriate official determines satisfies the
22 requirements of this Act.

23 (2) OFFSETS RESERVE.—

24 (A) IN GENERAL.—An offsets reserve re-
25 ferred to in paragraph (1)(B)(i) is a program

1 under which, before issuance of offset credits
2 under this Act, the appropriate official shall—

3 (i) subtract and reserve from the
4 quantity to be issued a quantity of offset
5 credits based on the risk of reversal; and

6 (ii)(I) hold those reserved offset cred-
7 its in the offsets reserve; and

8 (II) register the holding of the re-
9 served offset credits in the registry estab-
10 lished under section __03(b).

11 (B) PROJECT REVERSAL.—

12 (i) IN GENERAL.—If a reversal has
13 occurred with respect an offset project for
14 which offset credits are reserved under this
15 paragraph, the appropriate official shall re-
16 move offset credits from the offsets reserve
17 and cancel the credits to fully account for
18 the tons of carbon dioxide equivalent that
19 are no longer sequestered.

20 (ii) INTENTIONAL REVERSALS.—If the
21 appropriate official determines that a re-
22 versal was intentional, the offset project
23 representative for the relevant offset
24 project shall place into the offsets reserve
25 a quantity of offset credits, or combination

1 of offset credits and emission allowances,
2 equal in number to the number of reserve
3 offset credits that were canceled due to the
4 reversal pursuant to clause (i).

5 (C) USE OF RESERVED OFFSET CRED-
6 ITS.—Offset credits placed into the offsets re-
7 serve under this paragraph may not be used to
8 comply with section [_____].

9 (3) CARBON CONTRACTS AND LAND USE FLEXI-
10 BILITY.—

11 (A) APPLICABILITY.—

12 (i) IN GENERAL.—With respect to a
13 practice listed under section __05 that se-
14 questers greenhouse gases, the Secretary
15 may develop mechanisms that enable less
16 than perpetual sequestration activities that
17 meet the requirements of this section if
18 there are adequate monitoring and ac-
19 counting systems to maintain the emission
20 reduction integrity of the overall emission
21 reduction targets of this Act.

22 (ii) MECHANISMS.—The mechanisms
23 shall include—

24 (I) a specific duration of the in-
25 tended sequestration activity;

1 (II) clear assignment of liability
2 for the duration of any sequestration
3 activity;

4 (III) a requirement that offset
5 credits be fully replaced and retired to
6 the Administrator after the contract
7 terminates and sequestration activities
8 cease;

9 (IV) the ability to allow sequen-
10 tial offset projects to meet the re-
11 quirements of this Act; and

12 (V) any other option that meets
13 the requirements of this section, as
14 determined by the Secretary.

15 (B) ACCOUNTING FOR REVERSALS.—For
16 activities credited pursuant to mechanisms de-
17 scribed in subparagraph (A), the Secretary shall
18 require only reversals that occur during the
19 crediting period to be accounted for and ad-
20 dressed pursuant to paragraphs (1) and (2).

21 (C) RESPONSIBILITY FOR ACCOUNTING.—
22 The responsibility to account for necessary
23 emission reductions at the end of the term of
24 a term offset credit issued pursuant to this

1 paragraph shall be assigned in the relevant pe-
2 tion to the appropriate official.

3 (c) CREDITING PERIODS.—

4 (1) IN GENERAL.—For each offset project type,
5 the appropriate official shall specify a crediting pe-
6 riod, and establish provisions for petitions for new
7 crediting periods, in accordance with this subsection.

8 (2) DURATION.—

9 (A) IN GENERAL.—Except as provided in
10 subparagraph (B), the crediting period shall be
11 not less than 5 nor greater than 10 years.

12 (B) FORESTRY PROJECTS.—The crediting
13 period for a forestry offset project shall not ex-
14 ceed 30 years.

15 (3) ELIGIBILITY.—

16 (A) IN GENERAL.—An offset project shall
17 be eligible to generate offset credits under this
18 Act only during the crediting period of the off-
19 set project.

20 (B) REMAINING ELIGIBILITY.—Except as
21 provided in paragraph (4), during a crediting
22 period described in subparagraph (A), an offset
23 project shall remain eligible to generate offset
24 credits, subject to the methodologies and
25 project type eligibility list that applied as of the

1 date of project approval under [section
2 _____].

3 (4) PETITION FOR NEW CREDITING PERIOD.—

4 (A) IN GENERAL.—An offset project rep-
5 resentative may petition for a new crediting pe-
6 riod to commence after termination of a cred-
7 iting period, subject to the methodologies and
8 project type eligibility list in effect at the time
9 at which the petition is submitted.

10 (B) TIMING OF SUBMISSION.—A petition
11 may not be submitted under this paragraph
12 more than 1 year before the end of the pending
13 crediting period.

14 (C) RESPONSE.—The appropriate official
15 shall make a determination on the petition in
16 accordance with section __07.

17 (d) EMISSION REDUCTION INTEGRITY.—In estab-
18 lishing the requirements under this section, the appro-
19 priate official shall apply conservative assumptions or
20 methods to maximize the probability that the integrity of
21 the [cap established under section _____] is not com-
22 promised.

23 (e) PREEXISTING METHODOLOGIES.—In promul-
24 gating requirements under this section, the appropriate of-
25 ficial shall give due consideration to methodologies for off-

1 set projects existing as of the date of enactment of this
2 Act.

3 (f) **ADDITIONAL BENEFITS.**—Nothing in this section
4 precludes an offset project from meeting the requirements
5 of this section, or from approval under section __07, only
6 because the relevant eligible activity under section __05
7 receives an additional payment from any other source for
8 an ecological service, including conservation program pay-
9 ments.

10 **SEC. __07. APPROVAL.**

11 (a) **PROJECT PETITION.**—

12 (1) **IN GENERAL.**—Not later than the date of
13 submission of the first verification report for an off-
14 set project under section __08, the offset project
15 representative shall submit to the appropriate offi-
16 cial a petition for approval of the offset project.

17 (2) **PETITION REQUIREMENTS.**—As part of the
18 regulations promulgated under this title, the appro-
19 priate official shall include provisions for, and shall
20 specify, the required components of an offset project
21 approval petition submitted under this subsection,
22 including—

23 (A) designation of an offset project rep-
24 resentative; and

1 (B) any other information that the appro-
2 priate official considers to be necessary—

3 (i) to determine whether the offset
4 project meets the established criteria under
5 this section; and

6 (ii) to achieve the purposes of this
7 title.

8 (b) APPROVAL AND NOTIFICATION.—

9 (1) IN GENERAL.—Not later than 30 days after
10 receiving a complete approval petition under sub-
11 section (a), the appropriate official shall—

12 (A)(i) make a determination of the quan-
13 tity of greenhouse gas emissions that have been
14 reduced or avoided, or greenhouse gases that
15 have been sequestered, by the offset practice in
16 an approved and verified offset project plan;
17 and

18 (ii) notify the offset project developer in
19 writing of the determination; and

20 (B) based on the determination under sub-
21 paragraph (A)—

22 (i) approve or deny the petition in
23 writing;

24 (ii) notify the offset project represent-
25 ative in writing of the determination; and

1 (iii) if the petition is denied, provide
2 the reasons for denial.

3 (2) RESUBMISSION.—After an offset project is
4 approved, the offset project representative shall not
5 be required to resubmit an approval petition during
6 the crediting period of the offset project.

7 (c) APPEAL.—The appropriate official shall establish
8 mechanisms for appeal and review of determinations made
9 under this section.

10 (d) THIRD-PARTY REVIEW.—The appropriate official
11 may provide for accreditation of independent third parties
12 to provide recommendations to the appropriate official on
13 approvals under this section.

14 (e) VOLUNTARY PREAPPROVAL REVIEW.—

15 (1) IN GENERAL.—The appropriate official may
16 establish a voluntary preapproval review procedure
17 to allow an offset project representative to request
18 the appropriate official to conduct a preliminary eli-
19 gibility review for an offset project.

20 (2) FINDINGS.—Any findings of a review de-
21 scribed in paragraph (1) shall not be binding upon
22 the appropriate official.

23 (3) REQUIREMENTS.—The voluntary
24 preapproval review procedure shall require—

1 (A) the offset project representative to
2 submit such basic project information as the
3 appropriate official requires to provide a mean-
4 ingful review; and

5 (B) a response from the appropriate offi-
6 cial not later than 42 days after the date of re-
7 ceipt by the appropriate official of a request for
8 review under this subsection.

9 **SEC. __08. VERIFICATION OF OFFSET PROJECTS.**

10 (a) IN GENERAL.—As part of the regulations promul-
11 gated under this title, the Secretary and the Administrator
12 shall jointly establish requirements, including protocols,
13 for verification of the quantity of greenhouse gas emission
14 reductions resulting from an offset project.

15 (b) VERIFICATION REPORTS.—

16 (1) IN GENERAL.—The regulations described in
17 subsection (a) shall require an offset project rep-
18 resentative to submit a report, prepared by a third-
19 party verifier accredited under subsection (c), pro-
20 viding such information as the appropriate official
21 requires to determine the quantity of greenhouse gas
22 emission reductions resulting from the offset project.

23 (2) SCHEDULES.—The appropriate officials
24 shall jointly prescribe schedules for the submission
25 of verification reports under paragraph (1).

1 (3) REQUIREMENTS.—The appropriate official
2 shall specify the required components of a
3 verification report required under subsection (a), in-
4 cluding—

5 (A) the name and contact information for
6 the offset project representative for the offset
7 project;

8 (B) the quantity of greenhouse gas emis-
9 sion reductions;

10 (C) the methodologies applicable to the
11 project pursuant to **【section ____】**;

12 (D) a certification that the project meets
13 the applicable requirements;

14 (E) a certification establishing that the
15 conflict of interest requirements in the regula-
16 tions promulgated under this title have been
17 complied with;

18 (F) an appeals process for project rep-
19 resentatives; and

20 (G) any other information that the appro-
21 priate official considers to be necessary to
22 achieve the purposes of this title.

23 (c) VERIFIER ACCREDITATION.—

24 (1) IN GENERAL.—As part of the regulations
25 promulgated under this title, the appropriate offi-

1 cials shall jointly establish a process and require-
2 ments for periodic accreditation of third-party
3 verifiers to ensure that those verifiers are profes-
4 sionally qualified and have no conflicts of interest.

5 (2) STANDARDS.—

6 (A) AMERICAN NATIONAL STANDARDS IN-
7 STITUTE ACCREDITATION.—

8 (i) IN GENERAL.—The appropriate of-
9 ficials may jointly accredit, or accept for
10 purposes of accreditation under this sub-
11 section, verifiers accredited under the
12 American National Standards Institute ac-
13 creditation program in accordance with
14 standard 14065 of the International Orga-
15 nization of Standards.

16 (ii) REQUIREMENT.—The appropriate
17 officials shall accredit, or accept for ac-
18 creditation, verifiers under this subpara-
19 graph only if the appropriate official finds
20 that the American National Standards In-
21 stitute accreditation program provides suf-
22 ficient assurance that the requirements of
23 this title will be met.

24 (B) USDA AND EPA ACCREDITATION.—As
25 part of the regulations promulgated under this

1 title, the appropriate officials may jointly estab-
2 lish accreditation standards for verifiers under
3 this subsection, including related training and
4 testing programs and requirements.

5 (3) PUBLIC ACCESSIBILITY.—Each verifier
6 meeting the requirements for accreditation in ac-
7 cordance with this subsection shall be listed in a
8 publicly accessible database, which shall be main-
9 tained and updated jointly by the appropriate offi-
10 cials.

11 **SEC. __09. ISSUANCE OF OFFSET CREDITS.**

12 (a) ISSUANCE OF OFFSET CREDITS.—The Adminis-
13 trator, in consultation with the Secretary with regards to
14 domestic agricultural and forestry projects, shall issue 1
15 offset credit to an offset project representative for each
16 ton of carbon dioxide equivalent in emission reductions
17 from an offset project that the appropriate official has
18 verified pursuant to section __08.

19 (b) TIMING.—Offset credits meeting the criteria de-
20 scribed in subsection (a) shall be issued by the Adminis-
21 trator not later than 14 days after the date on which the
22 Administrator has received notice of the determination
23 under section __07.

24 (c) REGISTRATION.—The Administrator, in consulta-
25 tion with the Secretary, shall assign a unique serial num-

1 ber to and register each offset credit to be issued under
2 this title pursuant to section __03(b).

3 **SEC. __10. AUDITS AND REVIEWS.**

4 (a) IN GENERAL.—The appropriate officials shall, on
5 an ongoing basis, conduct random audits and reviews of
6 offset projects.

7 (b) MINIMUM AUDITS AND REVIEWS.—For each fis-
8 cal year, the appropriate officials shall conduct audits and
9 reviews, at minimum, for a representative sample of
10 project types, geographical areas, verification standards
11 and certified verifiers, and specific administrative proc-
12 esses of that offset program.

13 (c) PUBLIC AVAILABILITY OF INFORMATION.—The
14 appropriate officials shall make the results of all audits
15 and reviews conducted under this section available to the
16 public.

17 (d) DELEGATION.—

18 (1) IN GENERAL.—The appropriate official may
19 delegate to a State or tribal government the respon-
20 sibility for conducting audits under this section if
21 the appropriate official finds that—

22 (A) the program proposed by the State or
23 tribal government provides assurances equiva-
24 lent to the assurances provided by the auditing
25 program of the appropriate official; and

1 (B) the integrity of the offset program
2 under this title will be maintained.

3 (2) AUDITS BY ADMINISTRATOR.—Nothing in
4 this subsection prevents an appropriate official from
5 conducting any audit the appropriate official con-
6 siders appropriate.

7 **SEC. _11. EARLY OFFSET SUPPLY.**

8 (a) PROJECTS REGISTERED UNDER OTHER PRO-
9 GRAMS.—Except as provided in subsection (b) or (c), the
10 Administrator, in conjunction with the Secretary, shall
11 issue 1 offset credit for each ton of carbon dioxide equiva-
12 lent in emission reductions achieved—

13 (1) under an offset project that commenced
14 after January 1, 2001;

15 (2) for which a credit was issued under any reg-
16 ulatory or voluntary greenhouse gas emission offset
17 program that the Administrator, in conjunction with
18 the Secretary, determines—

19 (A) was established under State or tribal
20 law (including a regulation), including as a pub-
21 lic benefit corporation, before January 1, 2009;

22 (B) has developed offset project type
23 standards, methodologies, and protocols
24 through a public consultation process or a peer
25 review process;

1 (C) has made available to the public stand-
2 ards, methodologies, and protocols that require
3 that credited emission reductions are measur-
4 able, additional, verifiable, and enforceable;

5 (D) requires that all emission reductions
6 be verified by a State regulatory agency or an
7 accredited third-party independent verification
8 body;

9 (E) requires that all credits issued be reg-
10 istered in a publicly accessible registry, with in-
11 dividual serial numbers assigned for each ton of
12 carbon dioxide equivalent emission reductions;
13 and

14 (F) ensures that no credits are issued for
15 activities for which the entity administering the
16 program, or a program administrator or rep-
17 resentative, has funded, solicited, or served as a
18 fund administrator for the development of, the
19 project or activity that caused the emission re-
20 duction; and

21 (3) for which the credit described in paragraph
22 (2) is transferred to the Administrator.

23 (b) INELIGIBLE CREDITS.—Subsection (a) shall not
24 apply to offset credits that have expired or have been re-
25 tired, canceled, or used for compliance under a program

1 established under State or tribal law (including a regula-
2 tion).

3 (c) LIMITATION.—Notwithstanding subsection (a)(1),
4 offset credits shall be issued under this section only for—

5 (1) emission reductions that have a crediting
6 period that commences—

7 (A) not earlier than January 1, 2001; and

8 (B) not later than the date on which the
9 regulations promulgated under this title take ef-
10 fect;

11 (2) a period not to exceed the shorter of —

12 (A) 10 years; or

13 (B) the established crediting period for the
14 project (in accordance with approved program
15 rules); and

16 (3) emission reductions that occur prior to Jan-
17 uary 1, 2009, and awarded payments pursuant to
18 the authority of the Secretary under the incentive
19 program established under this title.

20 (d) RETIREMENT OF CREDITS.—The Administrator
21 shall ensure, to the maximum extent practicable, that off-
22 set credits described in subsection (a)(2) are retired for
23 purposes of use under a program described in subsection
24 (b).

25 (e) OTHER PROGRAMS.—

1 (1) IN GENERAL.—Subject to paragraph (2),
2 the Administrator, in conjunction with the Sec-
3 retary, may approve an offset program that meets
4 the criteria described in subsection (a)(2), but
5 that—

6 (A) was not established under State or
7 tribal law; or

8 (B) was not established before January 1,
9 2009.

10 (2) APPROVAL.—The Administrator, in con-
11 junction with the Secretary shall approve—

12 (A) an offset program described in para-
13 graph (1) that the Administrator determines
14 meets criteria and provides for methodologies
15 that are at least equal in accountability to the
16 criteria and methodologies of a program estab-
17 lished under a State or tribal law that the Ad-
18 ministrator determines meets the criteria de-
19 scribed in subsection (a)(2); and

20 (B) an offset project under a program de-
21 scribed in subparagraph (A) that is subject to
22 **【**criteria and methodologies described in sub-
23 paragraph (A)**】** to ensure the emission reduc-
24 tion integrity of this title.

1 **SEC. __12. PROGRAM REVIEW AND REVISION.**

2 At least once every 5 years, the Administrator, in
3 consultation with the Secretary, shall review, based on new
4 or updated information and taking into consideration the
5 recommendations of the Advisory Committee—

6 (1) the list of eligible project types established
7 under section __05;

8 (2) the methodologies established, including
9 specific activity baselines, under section __06;

10 (3) the reversal requirements and mechanisms
11 established or prescribed under section __06;

12 (4) measures to improve the accountability of
13 the offsets program; and

14 (5) any other requirements established under
15 this title to ensure the environmental integrity and
16 effective operation of this title.

17 **SEC. __13. ADDITIONAL REGULATORY STANDARDS FOR**
18 **EMISSION REDUCTIONS.**

19 Nothing in this title or title ____ authorizes the Ad-
20 ministrator to promulgate any additional regulatory
21 standards for emission reductions from any project or ac-
22 tivity carried out under this title or title ____, including
23 all forms of methane capture.

1 **TITLE _____—ADDITIONAL AGRI-**
2 **CULTURE AND FORESTRY**
3 **GREENHOUSE GAS MITIGA-**
4 **TION STRATEGIES**
5 **Subtitle A—USDA Incentives**
6 **Program**

7 **SEC. __01. ESTABLISHMENT.**

8 Of the emission allowances established under [title
9 _____] for a fiscal year, the Secretary of Agriculture (re-
10 ferred to in this title as the “Secretary”) shall use 2 per-
11 cent to provide incentives and support to individuals and
12 entities to implement agricultural and forestry projects
13 and activities to reduce greenhouse gas emissions and in-
14 crease carbon sequestration.

15 **SEC. __02. ELIGIBLE PROJECTS AND ACTIVITIES.**

16 (a) IN GENERAL.—The Secretary may provide incen-
17 tives or support under section __01 for projects and activi-
18 ties that—

19 (1) provide demonstrable greenhouse gas emis-
20 sion benefits that are in addition to customary prac-
21 tices on comparable land, but are not entered into
22 the offset program under title [____], including
23 projects and activities that—

24 (A) may not be economically viable as an
25 offset project; or

1 (B) provide an opportunity to demonstrate
2 and test new methods to reduce or sequester
3 emissions that lack sufficient data or meth-
4 odologies for participation in offset markets es-
5 tablished under title [____];

6 (2) provide additional protection for greenhouse
7 gas benefits achieved under paragraph (1) by sup-
8 porting management actions on private land that en-
9 able adaptation to climate change;

10 (3) purchase conservation easements from will-
11 ing sellers to prevent conversion of land that would
12 increase greenhouse gas emissions or reduce future
13 emissions reduction capacity[, except that not less
14 than 1/4 of the allowances allocated under this sub-
15 title shall be made available for the purpose de-
16 scribed in this paragraph]; or

17 (4) reward individuals and entities that
18 achieved demonstrable emission reductions or se-
19 questration that took action prior to the implemen-
20 tation of the offset program under title [____] but
21 after January 1, 2001, except that activities de-
22 scribed in this paragraph shall not be eligible for
23 early action crediting under the offset program es-
24 tablished under title [____].

25 (b) FORESTRY ACTIVITIES.—The Secretary shall—

1 (1) allocate not less than $\frac{1}{2}$ of the funding
2 made available to carry out this subtitle to forestry
3 activities; and

4 (2) designate the Chief of the Forest Service to
5 implement all forestry-related components of this
6 section, including any forestry projects and activities
7 supported under this subtitle.

8 **SEC. __03. REQUIREMENTS.**

9 (a) IN GENERAL.—Incentives and support provided
10 by the Secretary for an emissions reductions or sequestra-
11 tion project or activity under this title (other than a
12 project or activity described in paragraph (3) or (4) of
13 section __02(a)) shall be—

14 (1) awarded through a climate mitigation con-
15 tract specifying eligible activities under this subtitle
16 that has a term of not less than [15 years];

17 (2) proportional to the estimated quantity and
18 duration of greenhouse gas emissions reduced, avoid-
19 ed, or carbon sequestered; and

20 (3) calculated on a per acre basis using the es-
21 timated emissions reduction or sequestration value
22 of the specified practices that will be undertaken on
23 that acreage.

24 (b) RELATIONSHIP TO OTHER PROGRAMS.—In pro-
25 viding support to projects and activities under this sub-

1 title, the Secretary shall take measures to ensure that re-
2 sources expended—

3 (1) complement and leverage existing conserva-
4 tion, forestry, and energy program expenditures to
5 provide measurable emission reductions and seques-
6 tration benefits that otherwise may not take place or
7 continue to exist;

8 (2) are not substituted for, or otherwise used as
9 a basis for reducing, funding authorized or appro-
10 priated under other programs to compensate owners
11 of eligible land for activities that are not covered
12 under a climate mitigation contract; and

13 (3) are not used do pay for projects or activities
14 that will be credited under a federally established
15 carbon offset program, unless the Secretary provides
16 for early termination of the project or activity under
17 subsection (e).

18 (c) **PRIORITIZATION.**—In allocating funding to activi-
19 ties under this subtitle, the Secretary shall give preference
20 to those activities that achieve the greatest emission reduc-
21 tions or sequestration [over the longest duration].

22 (d) **COMPENSATION RATES.**—In evaluating the emis-
23 sion reduction or sequestration benefits offered by cat-
24 egories of activities for which incentives are provided

1 under this subtitle and establishing related compensation
2 rates, the Secretary shall—

3 (1) consider—

4 (A) the best available science for deter-
5 mining the emission reduction benefits of each
6 activity;

7 (B) the potential loss of certain emission
8 benefits from certain activities due to leakage;
9 and

10 (C) the level of risk and uncertainty re-
11 lated to each activity, including intentional and
12 unintentional reversals;

13 (2) ensure that compensation for activities
14 under this subtitle shall be established at a rate that
15 does not exceed the net estimated benefit an owner
16 of eligible land would receive for similar practices
17 under any federally established carbon offset pro-
18 gram, taking into consideration the cost associated
19 with the issuance of credits and compliance with re-
20 versal provisions; and

21 (3) implement a concerted research and devel-
22 opment effort to reduce uncertainties in estimating
23 greenhouse gas emissions and carbon sequestration
24 over time.

25 (e) EARLY TERMINATION.—

1 (1) IN GENERAL.—In carrying out this subtitle,
2 the Secretary shall allow for early termination of ac-
3 tivities or projects without penalty if the activity or
4 project will be entered into the offset markets estab-
5 lished under title **[_____]**.

6 (2) CONDITIONS.—

7 (A) IN GENERAL.—Subject to subpara-
8 graph (B), activities or projects initiated under
9 this subtitle may be considered for inclusion
10 under offset markets based on conditions at the
11 time of initiation.

12 (B) ACTIVITIES.—Offset credits may only
13 be awarded for emission reductions or seques-
14 tration achieved through an activity or project
15 described in subparagraph (A) after the date of
16 termination for compensation under this sub-
17 title.

18 (f) PROGRAM MEASUREMENT, MONITORING, AND
19 VERIFICATION.—In carrying out this section, the Sec-
20 retary shall—

21 (1) establish and implement protocols that pro-
22 vide reasonable monitoring and verification of
23 projects and activities, including field sampling of
24 actual performance to develop annual estimates of

1 emissions reductions achieved under the program;
2 and

3 (2) adjust eligible practices and compensation
4 rates for categories of activities based on results of
5 those estimates.

6 **SEC. _04. OBJECTIVES AND REPORTING.**

7 (a) OBJECTIVES.—To the maximum extent prac-
8 ticable, the Secretary shall annually support activities
9 through this subtitle that achieve not less than
10 100,000,000 tons of estimated emission reductions.

11 (b) REPORTING.—No later than 2 years after the
12 date of enactment of this Act and annually thereafter, the
13 Secretary shall submit to Congress a report containing—

14 (1) an estimate of aggregate reductions
15 achieved as a result of this subtitle, including direct
16 and indirect effects and any reversals of carbon stor-
17 age; and

18 (2) any proposed changes for implementation of
19 this subtitle on the basis of performance relative to
20 the annual emissions reduction objectives specified in
21 subsection (a).

22 (c) ACCOUNTING SYSTEMS.—In carrying out this sec-
23 tion, the Secretary shall develop and implement—

24 (1) a national accounting system for carbon
25 stocks, sequestration, and greenhouse gas emissions

1 that may be used to assess progress in implementing
2 this title at a national level; and

3 (2) reporting and accounting systems to ensure
4 that incentives provided under this title are achiev-
5 ing stated objectives.

6 **Subtitle B—Rural Clean Energy**
7 **Resources**

8 **SEC. 11. FINDINGS.**

9 Congress finds that—

10 (1) lifecycle greenhouse gas emissions associ-
11 ated with the production and use of biofuels, bio-
12 products, and bioenergy are significantly lower than
13 the emissions associated with the production and use
14 of fossil fuels;

15 (2) the United States has the potential to sig-
16 nificantly increase the production and use of biofuels
17 and bioenergy;

18 (3) expanding the production and use of
19 biofuels and bioenergy offers a significant oppor-
20 tunity for rural economic development and enhanc-
21 ing national energy security; and

22 (4) several programs authorized or funded
23 under the Food, Conservation, and Energy Act of
24 2008 (7 U.S.C. 8701 et seq.) are designed to accel-
25 erate the development and deployment of tech-

1 nologies for expeditiously expanding domestic
2 biofuels and bioenergy production.

3 **SEC. _12. BIOREFINERY ASSISTANCE.**

4 (a) IN GENERAL.—Of the emission allowances estab-
5 lished under [title _____] for each of fiscal years 2010
6 through 2030, the Secretary shall use 0.5 percent to carry
7 out the biorefinery assistance program under section 9003
8 of the Farm Security and Rural Investment Act of 2002
9 (7 U.S.C. 8103).

10 (b) ALLOCATION OF FUNDS.—Of the emission allow-
11 ances described in subsection (a), the Secretary shall
12 use—

13 (1) not less than 20 percent to provide grants
14 under section 9003 of the Farm Security and Rural
15 Investment Act of 2002 (7 U.S.C. 8103); and

16 (2) not less than 60 percent to provide loan
17 guarantees under that section.

18 **SEC. _13. REPOWERING ASSISTANCE.**

19 (a) IN GENERAL.—Of the emission allowances estab-
20 lished under [title _____] for each of fiscal years 2010
21 through 2030, the Secretary shall use 0.5 percent to carry
22 out the repowering assistance program under section 9004
23 of the Farm Security and Rural Investment Act of 2002
24 (7 U.S.C. 8104).

1 (b) PROGRAM EXPANSION.—Section 9004 of the
2 Farm Security and Rural Investment Act of 2002 (7
3 U.S.C. 8104) is amended—

4 (1) by redesignating subsections (a) through (d)
5 as subsections (b) through (e), respectively;

6 (2) by inserting after the section heading the
7 following:

8 “(a) DEFINITION OF ELIGIBLE ENTITY.—In this sec-
9 tion:

10 “(1) IN GENERAL.—The term ‘eligible entity’
11 means—

12 “(A) a biorefinery; or

13 “(B) a power plant or manufacturing facil-
14 ity that—

15 “(i) has a combined thermal and elec-
16 trical energy conversion capacity of not
17 greater than 50 megawatts; and

18 “(ii) is located in a rural area (as de-
19 fined in section 343(a) of the Consolidated
20 Farm and Rural Development Act (7
21 U.S.C. 1991(a)).

22 “(2) EXCLUSION.—The term ‘eligible entity’
23 does not include an energy intensive trade exposed
24 facility (as defined in section [____]).”;

1 (c) in subsection (b) (as redesignated by paragraph
2 (1))—

3 (1) by striking “IN GENERAL” and inserting
4 “PROGRAM”; and

5 (2) by striking “biorefineries” each place it ap-
6 pears and inserting “eligible entities”; and

7 (d) in subsections (c) and (d) (as so redesignated)—

8 (1) by striking “a biorefinery” each place it ap-
9 pears and inserting “an eligible entity”; and

10 (2) by striking “biorefinery” each place it ap-
11 pears and inserting “eligible entity”.

12 **SEC. _14. RURAL ENERGY FOR AMERICA PROGRAM.**

13 (a) IN GENERAL.—Of the emission allowances estab-
14 lished under **【title _____】** for each of fiscal years 2010
15 through 2030, the Secretary shall use 0.7 percent to carry
16 out the Rural Energy for America Program under section
17 9007 of the Farm Security and Rural Investment Act of
18 2002 (7 U.S.C. 8107).

19 **【(b) LIMITATION ON GRANTS.—Section**
20 **9007(c)(4)(A) of the Farm Security and Rural Investment**
21 **Act of 2002 (7 U.S.C. 8107(c)(4)(A)) is amended by strik-**
22 **ing “25 percent” and inserting “50 percent”.】**

1 **Subtitle C—Agriculture and For-**
2 **estry Research for Greenhouse**
3 **Gas Mitigation**

4 **SEC. 21. FINDINGS.**

5 Congress finds that—

6 (1) as of the date of enactment of this Act, the
7 agricultural and forestry sectors of the United
8 States extract the equivalent of about 12 percent of
9 the annual greenhouse gas emissions of the United
10 States through carbon dioxide absorption from the
11 atmosphere;

12 (2) that percentage can be significantly in-
13 creased through a number of activities that increase
14 carbon sequestration in soils or forests;

15 (3) nitrous oxide emissions from crop produc-
16 tion and methane emissions from livestock produc-
17 tion also can be reduced so as to reduce the overall
18 greenhouse gas emissions of the United States;

19 (4) agriculture and forestry are experiencing
20 the effects of global warming, which are expected to
21 increase; and

22 (5) adaptation practices to mitigate the effects
23 of global warming are needed to sustain agricultural
24 and forest productivity and health.

1 **SEC. 22. RESEARCH AND DEMONSTRATION PROGRAM.**

2 (a) IN GENERAL.—Of the emission allowances estab-
3 lished under [title _____] for a fiscal year, the Secretary
4 shall use 1.1 percent to carry out scientific research and
5 demonstration activities described in subsection (b).

6 (b) RESEARCH AND DEMONSTRATION ACTIVITIES.—
7 The Secretary shall carry out research and demonstration
8 activities regarding—

9 (1) approaches to sequestering carbon through
10 agricultural, grazing, and forestry practices, includ-
11 ing quantification of sequestration effects;

12 (2) approaches to reducing methane emissions
13 associated with agricultural production (including
14 livestock and crop production), including quantifica-
15 tion of those reductions;

16 (3) approaches to reducing nitrous oxide emis-
17 sions associated with agricultural production (includ-
18 ing crop and livestock production), including quan-
19 tification of those reductions;

20 (4) approaches to adaptation of agriculture and
21 forestry practices to the effects of global warming in
22 order to maintain productivity and natural re-
23 sources;

24 (5) new approaches to soil carbon sequestration,
25 such as the production of biochar and the use of
26 biochar as a soil conditioner.

1 (6) approaches to help specialty crop producers
2 to reduce net greenhouse gas emissions or sequester
3 carbon; and

4 (7) methods to reduce uncertainties in esti-
5 mating greenhouse gas emission reductions and car-
6 bon sequestration through agricultural and forestry
7 activities.

8 (c) ALLOCATION.—Of the emission allowances de-
9 scribed in subsection (a), not less than 25 percent shall
10 be allocated to the adaptation research and demonstration
11 activities described in subsection (b)(4).

12 **Subtitle D—Implementation**

13 **SEC. __31. IMPLEMENTATION.**

14 Of the emission allowances established under **【title**
15 **_____】** for a fiscal year, the Secretary shall use 0.2 per-
16 cent to—

17 (1) expand the workforce and capabilities of the
18 Department of Agriculture so as to carry out the re-
19 sponsibilities of the Secretary under this Act; and

20 (2) establish an education and training program
21 in the Department of Agriculture to provide edu-
22 cation and training opportunities for agricultural
23 producers and forest landowners relating to this Act.