

October 4, 2022

Re: Request for Information on Climate-Related Financial Risk Federal Register Vol. 87, No. 110, June 8, 2022

Dear Chairman Rostin Behnam, Commissioner Kristin N. Johnson, Commissioner Christy Goldsmith Romero, Commissioner Summer K. Mersinger, & Commissioner Caroline D. Pham,

I am a grain farmer located in Northeast Iowa and I see a role for the CFTC in voluntary carbon markets.

- Farmers believe in high quality credits and think there is a need for confidence that credits have substance.
- Purchasers are charismatic brands buying environmental attributes to be used in business like an input. Resilient supply chains, American competitiveness, and corporate sustainability depend on high quality rigor in environmental claims, including carbon credits.
- Registry and verification processes work well. The government should not create an entirely new set of rules and criteria for carbon offset creation, but instead leverage the extensive work already done by respected carbon programs, based on decades of U.S. and international effort and collaboration among expert public and private organizations.

Bottom line: The Soil Enrichment Protocol, from the Climate Action Reserve, is best in class and should provide a high bar for the kind of quality standard that CFTC could endorse.

<https://www.climateactionreserve.org/how/protocols/soil-enrichment/>

Background on High Quality Offset Standards

We have seen significant advancements in voluntary and compliance carbon markets. We've also witnessed the emergence of and progress made by multilateral initiatives dedicated to tackling complex policy issues, and to ultimately achieving alignment around high quality credit requirements. Across public, private, and cross-sector dialogues, we hear growing agreement that natural climate solutions (NCS), when used in conjunction with the mitigation hierarchy (i.e., making efforts to reduce emissions before offsetting them), are essential to achieving our shared goals of enhancing climate sustainability through innovation.

Achievement will rely on both reduction and avoidance of emissions, as well as on the removal of carbon dioxide from the atmosphere. NCS are the only affordable, scalable, and immediately implementable means to CO2 removal and carbon sequestration. To be effective, credit suppliers and buyers must be confident that the credits generated and purchased are independently verified against high quality standards. Further, the market needs to have confidence that crediting structures are clear, transparent, and backed by robust accounting and accountability. Environmental and advocacy leaders agree that businesses should set public plans for decarbonization of scope 1, 2, and 3 emissions, reduce emissions to the maximum extent possible, harness high quality, registry-issued credits to offset unavoidable emissions, commit to long term purchase agreements for those credits, and always utilize transparent reporting and third-party verification for all activities.

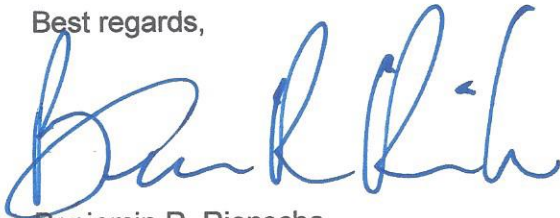
Since the enactment of the Paris Agreement in 2015, there has been a five-fold increase, up seven percentage points since 2019, in the number of Fortune 500 companies who have made public commitments to reduce their carbon footprints. There has been recent development and approval of voluntary offset project protocols around agriculture and land use that have been thoroughly and publicly vetted by members of the scientific, industry, and advocacy communities. While project, jurisdictional, and accounting concerns remain, these residual concerns should not inhibit efforts to scale carbon markets. Quality is the beneficial link between farmers and buyers.

At a minimum, when setting criteria for government programs that support carbon markets, the US Government should adhere to the common standards set by the following references:

- The GHG Protocol for Project Accounting (2005)
- The Offset Quality Initiative (2008)
- Western Climate Initiative Offset System Essential Elements Final Recommendation Paper (2010)
- ISO 14064-2 (2019)
- ICAO CORSIA Emission Unit Eligibility Criteria (2019)
- 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019) (regarding default and emission factor-based quantification approaches)
- ICROA Offset Standard Review Criteria (2020)

Thank you for your consideration of these comments.

Best regards,



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