



August 8th, 2023

Mr. Rostin Behnam
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: CFTC's Second Voluntary Carbon Markets Convening

Chairman Behnam:

Thank you for the opportunity to submit comments on the second Voluntary Carbon Markets Convening in July 2023. We appreciated testifying at the first convening and found the expert testimony indicative of the importance of high-quality credit generation in voluntary carbon markets.

Indigo Agriculture, Inc. ("Indigo") was founded in 2014 and is headquartered in Boston, Massachusetts, with its commercial office based in Memphis, Tennessee. Carbon by Indigo is the first private program to quantify agricultural climate benefit with registry-approved rigor at a global scale. Our ecosystem partner-based approach supports the scaling of our technology to realize the large, pooled projects needed to move beyond carbon abatement and realize mass drawdown across agricultural acres.

Growers and ranchers can adjust their management practices to reduce atmospheric greenhouse gas emissions and draw down and sequester atmospheric carbon dioxide. Simultaneously, climate smart agricultural land management practices yield environmental and economic co-benefits – from improvements in biodiversity and decreased nitrification, to enhanced grower profitability and financial resilience. Farmers and ranchers have an opportunity to increase revenue from conservation monetized as carbon credits.

We welcome a role for the CFTC to help ensure transparency, resiliency, and integrity in voluntary carbon markets. **We recommend that CFTC create alignment on the standards of quality for carbon credits.**

High carbon credit quality is the key to farmer value. As CFTC develops policies to empower growers, ranchers, and forest landowners to participate in the Voluntary Carbon Market ("VCM"), it is vital that CFTC leverages standards of quality that meet or exceed those adopted by the VCM. Particularly, nongovernmental organizations such as the Integrity Council for the Voluntary Carbon Market (ICVCM), the Voluntary Carbon Market Integrity Initiative (VCMI), and the Science Based Targets Initiative (SBTi) are developing guidance on the acceptable quality of carbon credits, approaches for generating such credits, and their use in the VCM and for corporate actions.

We recommend that CFTC consider adopting standards in line with the ICVCM Core Carbon Principles and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) Emissions Unit Eligibility Criteria set about by the International Civil Aviation Organization (ICAO). By doing so, the CFTC can shore up market confidence by utilizing a common standard of quality across the voluntary and compliance markets.

An essential, if not defining, feature of high integrity carbon credits is that they must be created on ex-post basis, which means that emission reductions are quantified after the project has occurred and are based on monitored data, rather than forward estimates. This requirement ensures that carbon credits are only awarded for actual emissions reductions rather than merely projected reductions. Ex-post credits are required or considered essential by many international organizations, including ICAO's CORSA program. Projects must provide verifiable evidence that they have achieved the reported emissions reductions or removals before they can receive carbon credits.

We recommend adopting already proven and robust protocols & methodologies for quantifying carbon abatement and removal.

Protocols/methodologies are used by Standards and Registries to establish credible methods, benchmarks, and emission factors that can be applied to similar projects throughout an entire industry or sector. These include existing approved methodologies currently being used to generate high-quality carbon credits from the agriculture sector. The screening of the existing methodology must follow the following 5 principles:

- *Effectiveness*: The approved methodologies must lead to the generation of real benefits, both in terms of carbon credits generated and value for the grower.
- *Comprehensiveness/Consistency*: Carbon credits must include and are consistent across key criteria for carbon credit generation including a) additionality, b) scientifically valid quantification, c) permanence, d) uncertainty and leakage safeguards, e) risk of reversal and options to account for any reversal, f) consideration of other co-benefits, g) social safeguards, and h) contribution to sustainable development goals.
- *Efficiency*: Generating high-quality carbon credits from the agriculture sector requires a huge amount of data and time commitment on part of the growers. It is vital that methodologies do not add undue burden on the grower and include an efficient pathway for quantification, measuring, monitoring, verifying, and reporting. This will ensure that high-quality credits are generated in a reasonable period to ensure continued engagement of the growers in a program.
- *Reliability*: CFTC must be part of a solution that ensures these methodologies can benefit farmers at scale; methodologies must be reliable and consistent across geographies.
- *Transparency*: The approved methodologies must have been developed in a transparent manner and the implementation of these methodologies is also transparent, with appropriate privacy protections.

We recommend initiatives that can strengthen the MMRV process and reduce transactional costs. The MMRV (Monitoring, Reporting and Verification) process is the cornerstone of VCM as it relates to the quantity and quality of the credits generated by a project. While the Monitoring and Reporting is done by the Project Developer, the Verification must be independent, conducted by an ISO-accredited and Standard/Registry approved third-party verification body per the requirements stipulated in the methodologies and standards.

One area that has seen marked improvement over the past year is the technology informing MRV in protocols. New technological practices are constantly being adopted and invented to quantify, measure, and validate the environmental benefit accrued by a project. Only technologies that have been proven to work for their intended application and where the uncertainty can be quantified and transparently reported must be used for MRV in the carbon market.

Finally, we believe it is important to ensure that farmers have choice within the context of high-quality standards. To ensure long-term adoption of climate smart agriculture, farmer choice is critical. In addition to the VCM, emerging reporting requirements and climate commitments by companies are spurring additional avenues to maximize value for the farmer. It is vital that farmers have the flexibility to participate in any of these opportunities to maximize their return on investment, without jeopardizing their eligibility to participate in the other programs. At Indigo, we believe that carbon offset projects and supply chain accounting can coexist, and are developing approaches such as [FieldFlex](#) to allow a farmer to participate in both Scope 3 related programs and the carbon offset program in different years, maximizing their returns.

Thank you for your attention to the importance of quality in the VCM. The federal government can play a helpful role in facilitating the growth of a robust marketplace if it adheres to these quality criteria in agriculture to unleash new opportunities in farm profitability, conservation, and risk management. We stand ready to work with you and are available for any scientific or policy support. Thank you for your time and consideration of these comments.

Sincerely,



Chris Harbourt, PhD
Chief Strategy Officer, Indigo Ag

Cc: Abigail Knauff, Special Counsel, Office of the Chairman