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EXECUTIVE ORDER

Colorado's Agricultural Carbon Offset Program

Pursuant to Article IV, Section 2 of the Colorado Constitution and the authority vested in the Office of the Governor of the State of Colorado, I, Bill Ritter, Jr., Governor of the State of Colorado, hereby issue this Executive Order directing the Colorado Department of Public Health and Environment and the Colorado Department of Agriculture to create an agricultural offset program.

1. Background and Need

Farmers and ranchers in Colorado and our neighboring states can play an important role in reducing the state's greenhouse gas emissions. This Executive Order establishes an agricultural carbon offset program that enables farmers and ranchers to sequester carbon and reduce greenhouse gas emissions on agricultural lands and sell the resulting carbon credits. By adjusting land management practices, Colorado's farmers and ranchers choosing to participate will capture additional carbon dioxide in their soils and reduce emissions of nitrous oxide and methane. These agricultural leaders will be compensated for their efforts by the program's award of offset credits, which can then be sold on a carbon credit market.

There are a range of agricultural practices that can reduce greenhouse gas emissions or sequester carbon, including: less frequent tilling to limit the release into the atmosphere of carbon compounds stored in the soil; converting tilled cropland to a permanent vegetative cover to provide long-term storage of carbon in the soil; proper fertilization, irrigation, and rotational grazing to increase plant productivity that absorbs carbon on pasture lands; adjusting the amount and timing for applying fertilizer to reduce emissions of nitrous oxide, a fertilizer byproduct; improving the storage and management of livestock manure to reduce methane emissions; and capturing and using livestock-produced methane as a biogas energy source.

Supported by agricultural experts such as those at Colorado State University, farmers and ranchers interested in participating in the offset program will identify qualified

greenhouse gas reduction management practices appropriate for their needs. After developing a carbon sequestration or emissions reduction plan, farmers and ranchers will utilize support tools to quantify the amount of carbon captured or emissions avoided. A third party will verify the amount of carbon sequestration and emissions reductions. Because the program will be local to Colorado and surrounding states, carbon offsets will be reliably verified. Reliable third party verification will result in offsets that are real and transparent.

2. Directive

- A. The Colorado Department of Public Health and Environment (“CDPHE”) and the Colorado Department of Agriculture are directed to establish a program encouraging farmers and ranchers in Colorado and surrounding states to engage in carbon sequestration and emission reduction efforts, assist program participants in working with third parties to verify these efforts, and facilitate a market exchange through which participants sell carbon offsets generated by these greenhouse gas reduction efforts on a carbon market.
- B. The program shall be designed within the next 24 months, with implementation beginning no later than three years from the date of this Executive Order. The program may be established via partnerships with public and private entities, including agreements with research institutions.
- C. CDPHE and the Department of Agriculture are directed to ensure that the program provides transparent, reliable, and verifiable offsets from the agricultural sector. CDPHE and the Department of Agriculture shall make an effort to develop the program in a manner than enables participants to benefit from the sale of credits in a future cap and trade regime.

3. Duration

This Executive Order shall expire on December 31, 2011, unless extended further by Executive Order.

Given under my hand and
the Executive Seal of the
State of Colorado this 22nd
day of April, 2008.

Bill Ritter, Jr.
Governor