

More research needed to fuel carbon markets

By CAROL RYAN DUMAS
Capital Press

Carbon sequestration is a hot topic in agriculture, and while farmers have great potential for cashing in on it, scientific gaps continue to hinder participation in carbon markets, an economist says.

Sequestration is certified to verify claims for carbon credits through the Measuring, Reporting, Verifying (MRV) systems, said Alejandro Plastina, associate professor of economics and extension economist at Iowa State University.

"Having robust MRV systems is key to convincing buyers that the implemented changes in agricultural practices actually removed carbon

from the atmosphere or avoided carbon emissions," he said during a Farm Foundation virtual seminar.

The lack of consistent, uniform guidelines across MRV systems can result in high search costs incurred by credit buyers to evaluate the suitability of credits generated through different carbon programs, he said.

"One way to address this particular challenge is to standardize the guidelines across MRV systems, and that would reduce the search cost for credit buyers," he said.

Another challenge is that a low degree of independence between verifiers and carbon programs could undermine buyers' trust in certification, he said.

"However, independent verification is costly and might be cost-prohibitive for small-scale projects. So aggregation of carbon projects before submission for verification can reduce this problem or this challenge, along with increased competition among independent verifiers," he said.

Another issue is the long-term target dates of corporations committing to carbon neutrality, many of which are a decade or more in the future. That's generating a disconnect between long-term plans and short- and medium-term demand for carbon credits, creating uncertainty for farmers, he said.

"So more information on short- and medium-term

plans to purchase carbon credits by these corporations would address this challenge," he said.

Changing farming practices is costly for farmers, so the industry needs to understand the costs and prices that need to be paid for farmers to enroll in carbon programs, he said.

Another challenge is current technology leaves a lot of uncertainty in the projected volume of carbon credits that can be produced by a farmer, he said.

"This can generate substantial differences between the projected and the actual volumes for which farmers are compensated, depending on weather, timeliness of the practices, weed pressure at the point in time and

so on," he said.

Improving modeling capabilities and reducing uncertainties in estimation is critical to develop a market for agricultural carbon, he said.

Another science gap is related to measuring not the projected volume but the actual volume of carbon removed or avoided on a farm because that's difficult and costly, he said.

"So more research is needed to find the appropriate mix of technologies to measure the actual removal or avoidance rates at different project scales — the farm, the region and so on," he said.

The third science gap is that it is currently impossible to compare carbon credits generated by one change in

practices on one farm across carbon programs. Different carbon programs use different models to estimate changes in carbon and greenhouse gas emissions, he said.

"The industry needs to generate research-based guidelines on how to compare the potential to generate carbon credits across programs," he said.

The industry also needs increased transparency on how carbon programs will address carbon removal to understand the impact of potential adoption both for farmers and buyers, he said.

"Finally, we need to develop tools to manage production, price and legal aspects for participating farmers and other players in the system," he said.

High costs expected to stress dairy margins

By CAROL RYAN DUMAS
Capital Press

USDA is forecasting Class III milk prices will average \$24.05 per hundredweight for 2022, but costs are rising and that leaves the outlook for farmers' profitability in limbo.

On average, milk prices are covering costs, but labor, energy, inputs, everything on the cost side is putting pressure on margins, said Ben Laine, a dairy economist with Rabobank.

"It's going to be an environment of active risk management and just operational strategic management" for the foreseeable future, he said during the latest "DairyLiveStream" podcast.

Conversations with dairy producers are all about managing risks and the high cost of everything — feed, fuel, fertilizer, labor and parts, said Sam Miller, managing director of agricultural banking at BMO Harris Bank.

Milk prices are covering costs for now. The question is how long does "for now" last, he said.

The good news is dairies had some good years with milk prices and government payments related to the pandemic and trade mitigation, he said.

"That really helped liquidity and helped strengthen balance sheets," he said.

Working capital positions and balance sheet positions are the strongest they've been in a number of years, he said.

While milk revenue is currently covering costs, the risk ahead is on both the income side and the expense side, he said.

"That margin is going to compress at some point in time. Either milk prices will come down or the cost structure will continue to increase," he said.

Petroleum prices will eventually come down, bringing down fertilizer and feed costs. But other costs such as labor, parts and equipment aren't likely to come down, he said.

"So keeping an eye on margins, managing price risk is as critical as it's ever been and frankly more challenging when you've got the volatility on both sides of the equation," he said.

Feed costs per hundredweight of milk were up 12% in 2021 year over year. Fuel and utilities were up more than 20%. Labor costs increased and total operating costs were up 6%, said Chris Wolf, an agricultural economist at Cornell University.

"That was prior to the recent spikes that we've seen in some of these things related to the international events," he said.

Income over feed costs is pretty decent right now. But the increases in other expenses mean those margins aren't as healthy as they would appear, he said.

Rising interest rates and international events such as natural disasters and man-made conflicts like the war in Ukraine are other sources of uncertainty, he said.

Miller said it could end up being a pretty good year with milk prices, especially if producers pre-purchased inputs.

But at some point, milk prices are going to correct. And a correction in expenses won't happen until after milk prices correct. Producers should prepare for lower milk prices while revenue is positive, he said.

"First off, it's building up working capital. So if you've got accounts, get them cleaned up. Be on pre-pay and be on early-pay instead of having accounts payable," he said.

Secondly, producers should pay down lines of credit so they've got that availability and then build up the rest of their working capital so they have a cushion. With the high cost of labor, they should also build labor efficiency or automation into their operation, if possible, he said.

Highly contagious avian flu confirmed in Idaho

By CAROL RYAN DUMAS
Capital Press

Avian flu has been found in two flocks of domestic chickens in Idaho, the state Department of Agriculture says.

The department received confirmation from USDA of several cases of Highly Pathogenic Avian Influenza virus — known as HPAI — in two separate flocks of chickens in Gooding and Caribou counties.

The affected flocks appear to be unrelated, ISDA said.

Gooding County is in south-central Idaho, and Caribou County is in southeast Idaho. They are roughly 200 miles apart.

The cases were confirmed through a coordinated effort between ISDA and USDA Animal and Plant Health Inspection Service. Following preliminary results, the final determination was made by USDA's National Veterinary Services Laboratory in Ames, Iowa, said Chanel Tewalt, ISDA deputy director.

The virus was found in several birds in the two small flocks. One is defined as a poultry operation, meaning it sells or gives away poultry, eggs or meat. The other is defined as a non-poultry domestic operation, which does not distribute products, she said.

Upon confirmation, a hold order was put on the infected flocks so birds don't leave the property. The entire flock on



Getty Images

Two flocks of chickens in Idaho were to be depopulated after avian flu was found.

each property will be depopulated as soon as possible, she said.

The virus "is highly contagious, which is why there's such a rapid response with depopulation efforts," she said.

It had not been detected in domestic flocks in Idaho before now, but it was detected in wild birds in the state in 2015 and 2017. Low Pathogenic Avian Influenza was detected in domestic birds many years ago, she said.

USDA confirmed HPAI in Massachusetts, Wyoming, North Carolina and North Dakota in March. The agency confirmed HPAI in Colorado, Montana and Texas in April.

HPAI is carried by migratory waterfowl. Idaho is within the Pacific Flyway. Domestic

birds and poultry are susceptible to morbidity and mortality once infected.

HPAI is transmitted between birds through close contact, fecal matter and sometimes as an aerosol. It is often carried on objects such as tools, vehicles, clothes and boots, which can transfer the virus from one location to another.

Signs of HPAI in domestic poultry frequently include decreased appetite and activity, respiratory difficulty, dark combs and wattle and unexplained mortality.

ISDA said it is essential for poultry owners to be vigilant in monitoring for illness and contact the ISDA State Veterinarian immediately when HPAI symptoms are confirmed. HPAI is a reportable disease in Idaho,

and veterinarians are required to report detections to ISDA.

It is uncommon for humans to become infected, but symptoms may include conjunctivitis, fever, lethargy, aches, coughing or diarrhea. Being in direct contact with domestic birds is the highest risk activity. When USDA guidelines for cooking are followed, HPAI is not a foodborne illness.

The best form of flock protection is maintaining strong biosecurity standards. Biosecurity includes limiting the number of people who interact with the birds, washing hands before and after handling the birds and having dedicated clothing and tools for each flock.

ISDA will post updates on the situation on its website at <https://agri.idaho.gov>.



ODFW

About 175 wolves live in Oregon, the state Department of Fish and Wildlife says.

State: Oregon wolf population growth slows; mortalities rise

By GEORGE PLAGEN
Capital Press

SALEM — Oregon's wolf population increased by just two individuals in 2021, according to the state Department of Fish and Wildlife, while the number of wolf deaths was the highest yet in a single year.

ODFW released its annual wolf report on April 19, documenting 175 wolves compared to 173 in 2020. The count is a minimum estimate based on verified evidence, such as wolf sightings, tracks and remote camera photographs.

A total of 26 wolves died in 2021, including 21 killed by humans. Of those, four were hit by vehicles, eight were illegally poisoned, one was legally shot by a rancher on private property and another eight were killed by ODFW after habitually preying on livestock.

Roblyn Brown, ODFW wolf program coordinator, said last year's rise in mortalities "certainly played a role" in the latest population survey remaining mostly flat.

"Despite this, we are confident in the continued health of the state's wolf popula-

tion as they expand in distribution across the state and show a strong upward population trend," Brown said in a statement.

Environmental groups argued the report shows Oregon's wolf population is in crisis due to poaching and other human-caused mortality.

Danielle Moser, wildlife program coordinator for Oregon Wild, said the deaths reported by ODFW are "only known mortalities and there are certainly many more unaccounted for deaths and poaching of uncollared wolves."

Zoe Hanley, Northwest representative for Defenders of Wildlife, said the group is concerned Oregon's wolf recovery is not adequately addressing threats like poaching.

"This year's report is a call to action for agencies like (ODFW) and Oregon State Police to recognize the severity of poaching incidents and take additional steps to protect Oregon's vulnerable wolves," Hanley said.

John Williams, wolf committee co-chairman for the Oregon Cattlemen's Association based in Enterprise, said he was surprised by the wolf popula-

tion being mostly unchanged, considering ranchers are seeing wolves in areas where they've never seen them before.

"We know their areas are expanding. We know the numbers are expanding," Williams said.

Most wolves in Oregon inhabit the far northeast corner of the state, though they are branching into new territory. ODFW established four new areas of resident wolf activity in 2021, covering parts of Grant, Jefferson, Klamath and Union counties.

The state now has 21 known wolf packs — 16 of which qualify as breeding pairs — in addition to eight other groups of two or three wolves.

Wolves also continued to prey on livestock in 2021. ODFW confirmed 49 cases of wolf depredation, up from 31 in 2020. In all, wolves killed or injured 95 animals, including six cows, 44 calves, 17 ewes, 11 lambs, 14 goats and three guard dogs.

The vast majority, 92%, of those depredations occurred between July and November, with 86% on private land and 14% on public land.

Idaho Power seeks to recoup added costs of electricity

By BRAD CARLSON
Capital Press

Idaho Power irrigation customers would pay 8.46% more for electricity if regulators approve the company's annual power cost adjustment.

The company said the adjustment, filed with the Idaho Public Utilities Commission on April 15, calls for a price increase across all customer classes as a result of higher power costs related to last summer's heatwave and less hydroelectric generation due to drought.

Idaho Power last year requested a power cost adjustment that included a 3.44% increase for irrigators.

Across all customer classes, the proposed increase for 2022 attributed to the power cost adjustment is 8.27%, up from 3.36% a year ago.

Earlier power cost adjustments included a 5.21% increase in 2020 and a 4.34% decrease in 2019.

The power cost adjustment of \$103.4 million passes to customers the higher costs associated with supplying energy. Money collected is used only to recover expenses associated with annual fluctuations in power costs.

Neither the company nor its shareholders receive a financial return.

Idaho Power said actual power supply costs in 2021 exceeded the forecast, driven by lower-than-expected hydro generation, high natural gas prices and high market prices for power. The company paid higher power costs during last summer's heat wave, when it exceeded its previous all-time peak load five consecutive days.

Irrigation is the smallest customer class but has relatively high usage per customer, company spokesman Jordan Rodriguez told Capital Press.