

Agency of Agriculture, Food & Markets
116 State Street
Montpelier, VT 05620-2901

Office of General Counsel

October 31, 2024

Holly R. Anderson
Clerk of the Commission
112 State Street
Montpelier, VT 05620

Re: Proceeding to design the potential Clean Heat Standard
Case No. 23-2220 RULE, AAFM's public comment on proposed rule

Dear Ms. Anderson:

The Agency of Agriculture, Food and Markets (AAFM) respectfully submits this public comment related to the draft Clean Heat Standard (CHS) Rule.

Global warming and climate change are incredibly important and warrant grave concern. AAFM appreciates the attention, commitment, thoughtfulness, and hard work that so many have shouldered to combat climate change. AAFM gratefully acknowledges the concerted effort to constructively address greenhouse gas (GHG) emissions, shares many of the underlying concerns, and thanks the Public Utility Commission for its considerable effort to create a workable framework to implement the CHS.

AAFM's concerns about climate change are not limited to the moral imperative or to protecting future generations, as some of our focus is more immediate and pragmatic. In addition to the anticipated longer-term implications, climate change is already exacerbating severe weather events, and Vermonters—like others around the world—are likely to experience more floods, droughts, and other natural disasters in the shorter term. If recent years are indicative of our future state, some impacts will be extreme and unforgiving. The Organization of Economic Cooperation and Development said world agriculture will absorb two-thirds of the damages and costs from climate change by 2060. Growing food is difficult without climate change, and our small number of farmers will face new obstacles and potential devastation as they work to feed the rest of us.

For AAFM, the proposed Clean Heat Standard Rule raises a larger question: is this the best path to address climate change?

As with all difficult, meaningful questions, there are no perfect answers. Nevertheless, AAFM shares a few pertinent thoughts related to Vermont agriculture, affordability, and the rural economy.

First, Vermont farmers are critical to our way of life. They help feed us and sustain our small towns and communities by supporting our rural economy. They also share their pastoral open fields, red barns, land for recreation, farm animals dotting the landscape, and beautiful vistas. Farmers supply our incredible farmers' markets, grow nutritious fruit and vegetables, provide milk to Vermont and the region, furnish local meat, supply world-renowned processors that employ thousands of Vermonters, and work to make fabulous maple, meat, produce, dairy, and other agricultural products that are shared throughout the region and world. In short, farmers make Vermont the unique and extraordinary agricultural state that it is—for residents and visitors alike.

Second, despite their fundamental importance and many successes, Vermont farmers are struggling.¹ Not long ago, Vermont was dominated by agriculture. In 1920, 30,000 farms operated on about 80% of Vermont's land. Several decades later, a 1968 report that led to Act 250 bemoaned both the past farm losses and the anticipated future decline. According to the most recent data in that report, Vermont had 420,000 residents and 9,247 farms operated on about 43% of Vermont's land. The report posited—accurately as it turns out—that Vermont's population would increase, and new development would continue to supplant Vermont agriculture.

The stated concerns led to Act 250's enactment in 1970. In the succeeding 54 years, Vermont's farm and farmland losses have been heavy. Currently, farmers only grow food and crops on 9% of Vermont's land. When focusing on harvested cropland that actively grows food and crops, Vermont lost 56% of its cropland since shortly before Act 250 was adopted. And, despite the undeniable success of Current Use, we continue to rapidly lose cropland and pasture, including another 11% (nearly 72,000 acres) in the most recent five-year federal census period (2017-2022). For context, our population has grown by more than 50% since the 1968 report, while our cropland decreased by more than 50%. Given the seminal importance of food and food resiliency, we are heading in the wrong direction.

Dairy has dominated Vermont agriculture for more than 100 years, but its decline has been precipitous. In 1970, Vermont had about 4,000 dairy farms. Today, we have 468 cow dairies. In January 2020—shortly before COVID-19 struck—we had 649 dairy farms. We have lost 181 farms since, or more than 25% of Vermont's remaining cow dairies. And, the latest USDA/NASS census (2022) shows that Vermont lost 4% of all farms during the preceding five years. Perhaps most concerning, farmers' average age continues to rise and is now nearly 58. The younger generation is not filling in for the older generation as they age out, and younger residents usually lack the land and/or resources to start farming, or are reluctant to embrace the many challenges, demands, and risks.

An important link to the loss of farms and farmland is that farming is seldom profitable. In 2022, United States farmers received the highest livestock and crop prices in about 30 years, but only 43% of Vermont farms were profitable and only 15% had profits exceeding \$50,000. With 57% of Vermont farms unprofitable and 85% making less than \$50,000 in profits in a banner year, it is not surprising that we continue to lose farms and farmland.

Vermont farmers compete with farms throughout the country and world, and profitability is a major driver of farm viability. Vermont farms are typically much smaller than their competitors, are often highly leveraged, operate in a cold weather climate with a short growing season, and their operating costs are a critical factor in determining whether they can compete and survive. Vermont farmers are already bearing significant costs in the State's ongoing critical work to protect water quality, and rising energy prices could make more farms unprofitable, push more farms out of business, and further deplete Vermont's remaining store of farmland.

Warming milk houses, greenhouses, farmworker housing, and farm homes is a significant expense, and we should be thoughtful about how we impose extra costs. Transitioning to cleaner energy is important, but deciding how to facilitate that transition is critical if Vermont wants to retain a viable agricultural community.

Third, one of the ironies of climate change is that Vermont is likely to become a better place to grow food, especially compared to other regions that suffer more severe impacts from rising temperatures and drought. As we expand our outlook to the next 50 years and consider the challenges of growing food and ensuring food resiliency, Vermont will likely need to significantly expand its food production. But,

¹ Vermont agriculture has many bright spots and there is ample room for enthusiasm. With supportive policy choices, we believe Vermont can continue to be an important agricultural producer for the State and region. We do not focus on the positives here, as the stated concerns underlie our feedback on the proposed rule.

unless we stop hemorrhaging farmland, Vermont will not have the land base to substantively contribute to the State's or region's demand. High land prices, the prevalence of 'remote work,' and a population that is likely to grow significantly as temperatures rise will put ever more pressure on our remaining farmland. Once removed from farming, farmland may be forever lost to food production.

Fourth, realism, pragmatism, context, and perspective are critical. AAFM is concerned that Vermont is on its way to becoming a museum for the wealthy, and that the State will no longer be positioned to support our farmers, workers, working lands, or rural economy. A global pandemic, successive years of severe floods, serious international conflicts, and years of high inflation and rising costs feel overwhelming. When so many Vermonters cannot afford healthy food or a place to live, when farmers cannot make a living, and when more and more farmland is sold off, AAFM believes we have reached an inflection point that warrants careful scrutiny of our objectives. Moreover, it strikes AAFM that these concerns are not limited to farmers, but to most rural Vermonters and to all Vermonters of moderate or limited means.

Again, climate change and global warming are of paramount concern—the question is how should the State meet the challenge with the least harm to its citizens. When evaluating this question, context seems important. Global GHG emissions must be reduced, and Vermonters must do their part. But, when Vermont acts on its own, it should also realistically assess what it can—and cannot—accomplish.

As the world's population continues to explode and as climate change makes growing food more difficult, it is prudent to consider the related challenges we may confront in continuing to produce enough food. In addition, farming's climate mitigation benefits should be considered. Farming causes emissions, but on the other side of the equation, farms mitigate the impacts by sequestering carbon. Vermont farms currently sequester a lot of carbon and farmers manage even more forests than cropland and pasture. And, Vermont soil sequestration in a high soil investment paradigm would store the same amount of CO₂-e as eliminating emissions from 200,000 cars. Indeed, agricultural soil and farm-managed forests can be essential to productive climate solutions. Farming is not only crucial to our survival, but also a vital strategy to sequestering carbon and mitigating climate change impacts.

Ultimately, the long-term key to success is countries working together in concert to address climate change. Because that collective effort is so challenging, individual action feels—and is—important. But, realistic parameters for the State's actions should be assessed and understood, and a cost/benefit analysis should help determine what individual burden Vermonters can reasonably afford to bear.

AAFM respectfully suggests that a series of questions warrant more thought. Is it wise to create Vermont emissions targets and force compliance through taxpayer funded State action, penalties, and a Vermont-specific credit trading system, or might it be better to determine what we can collectively accomplish through education, incentives, partnerships, and wise investments? Should the State help citizens reduce emissions without disproportionately raising Vermonters' cost of living? Should the State concentrate more on the issues it can directly control, like mitigating the impacts of recent and future climate disasters and building resiliency? Should we be thinking more about how to protect and ensure our ongoing food supply as climate change and population growth threaten it? How much responsibility should Vermonters unilaterally assume, and should we act alone, or in concert with others?

AAFM believes these questions are important, but knows the answers are not easy. It is incredibly difficult for the State to confront an existential challenge when it lacks the ability to solve the problem, but knows it must still contribute to the solutions. Perhaps protecting Vermonters from climate disruption should take center stage. AAFM suggests that the State zealously do its part, while considering what it can control and accomplish, and by choosing a path that does not make Vermont more unaffordable, reduce our competitiveness, or lead to the loss of more farmers or farmland.

Toward that end, AAFM agrees with the PUC's assessment that we should search for an alternative to the Clean Heat Standard, and develop a more efficient, workable framework to lower emissions and combat climate change. Perhaps Vermont can lower emissions through education, incentives, and grants, and perhaps Vermont can concentrate on action items that we control and know will be effective—like building climate resiliency, mitigating the impacts of global warming, and preserving farmland by keeping farmers on the land. Given Vermonters' inability to unilaterally stop climate change, coupled with the affordability crisis, the fragility of our rural economy, and our steady loss of farms and farmland, the carrot seems preferable to the stick. More specifically, building a bureaucracy to trade carbon credits on the Vermont scale, and using enforcement and penalties to force compliance, does not feel like an efficient, pragmatic, or cost-effective solution.

AAFM supports the State's efforts to address climate change and thanks the many Vermonters who have worked tirelessly to address one of the most important challenges of our time. We only ask that economic realities be part of the equation, and that our actions be meaningful, measured, and pragmatic. Ideally, the State can focus on extending a helping hand to achieve our goals. When farmers who work 7 long days a week and 365 days a year cannot make a reasonable living from their land, increasing their heating costs to fund a Vermont-created solution to global warming may be too much for many to bear. In 25 or 50 years, we may be much more concerned about whether we still have enough land to grow food, than about whether we met Vermont-specific emissions targets decades earlier.

AAFM is committed to finding climate solutions and is ready to help the State meet its shared goal of effectively responding to climate change. We also believe farmers are ready and willing to help, and that their contributions can be implemented swiftly. Investing in soil health and carbon sequestration is a practical and cost-effective means to address climate change and farm viability, without building a Vermont-specific carbon trading framework that is likely to be extremely expensive. Good intentions in this pivotal mission are essential, but reasoned pragmatism may have the most impact.

Thank you again for your work, and for your consideration.

Sincerely,

/s/Steven Collier

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