



Renewable Energy Standard

Incremental Economic Benefits Reporting Standards and Agreed Upon Procedures Report

For Sellers' reference in fulfillment of Section 6.03 of the RES
Standard Form Agreement

Applicable to:
RESRFP19-1 (Attachment N)

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GLOSSARY

Agreed-Upon Procedures Report (AUPR) – A report of findings based on specific procedures performed on a subject matter; defined by the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements, Number 18, *Attestation Standards: Clarification and Recodification*. Independent CPAs performing an AUPR do not provide an opinion or negative assurance. Instead, the AUPR is in the form of procedures and the Independent CPA's findings resulting from the performance of those procedures. It is produced by the Independent CPA as required by NYSERDA to support Seller's economic benefits claims.

Bid Facility – The electric generating station that has been identified and described in the Threshold Eligibility Application Form through which the Bid Facility was found to be eligible for participation in the RFP.

Claimed Expense – An expenditure included in the Economic Benefits Report prepared by the Seller.

Compliance Claim – The total of Claimed Expenses in the Seller's Economic Benefits Report.

Economic Benefits Report – Report prepared by the Seller, detailing the Incremental Economic Benefits accrued to New York as a result of the development, construction, modification, and operation of the Bid Facility from the Award Notification Date through the end of the first three (3) Contract Years.

Expected Total Dollars – The total dollar amount of Incremental Economic Benefits, as included in Article I of the RES Agreement, expected to accrue to New York as a result of the development, construction, modification, and operation of the Bid Facility from the Award Notification Date through the end of the first three (3) Contract Years.

Full Time Equivalent (FTE) – The hours worked by one employee on a full-time basis. Hours worked by several part-time employees may be converted into the hours worked by full-time employees annually. 2,080 work hours in a single year would be equal to one FTE (40 hours x 52 weeks = 2,080 hours). To calculate, divide the total hours worked by the average annual hours worked in full-time (e.g., 40 hours per week) jobs.

General Contractor – An individual or company responsible for the management and overall coordination of a construction project.

Host Community Agreement – A contract between a Seller or project developer and municipal government(s), detailing the rights and obligations of each party during the construction, operation, and decommissioning of a Bid Facility, including financial, health and/or environmental benefits that will be provided to the community by the Seller or project developer.

Incremental Economic Benefits – Incremental Economic Benefits are those that: (1) fit within the two incremental Economic Benefits Categories described in the RFP, (2) will accrue after an award under the RFP, (3) would not have accrued but for the award of a contract under the RFP, and (4) accrue during a period beginning with the Award Notification Date and continuing through the first three years of the Contract Delivery Term. Economic benefits previously claimed with respect to a Bid Facility that is subject to a pending award under a previous solicitation or that is the subject of a current NYSERDA Agreement are not Incremental Economic Benefits.

Independent CPA – The independent New York State certified public accountant (CPA), funded at the Seller’s expense, that performs the steps to complete the agreed upon procedures (set out in Section V of this document) and prepare an AUPR. The Independent CPA must not be an employee of the Seller’s company, and must not prepare the Economic Benefits Report and accompanying documents.

Long-Term Jobs – Jobs lasting more than three (3) years.

New York State Firm (NYS Firm) – A company, business, or entity that is headquartered and/or located in New York State. A branch location of a non-NYS firm that operates within NY will be treated as a NYS Firm for the purposes of economic benefits verification.

Payment Application – Construction document (for example, AIA Form G702 or similar) that details payments made to a general contractor or subcontractor.

Payments in Lieu of Taxes (PILOT) – Payments made to local government(s) to compensate for some or all of the tax revenue lost as a result of tax-exempt ownership or use of land or property.

Proposer – An individual or entity that, in response to a RES RFP, has submitted a Step Two Application for Qualification and a Step Three Bid Proposal.

Seller – An individual or entity that, in response to a RES RFP, has submitted a Step Two Application for Qualification and a Step Three Bid Proposal, has been selected by NYSERDA for an award, and has entered into a RES Agreement. The Seller is the entity undertaking the Economic Benefits Report.

Short-Term Jobs – Jobs lasting less than three (3) years.

RES Standard Form Agreement – The standard contractual document issued as a part of a RES RFP to be entered into by NYSERDA and selected Sellers, which defines, among other things, their rights and obligations concerning the Transfer of Tier-1 Renewable Energy Certificates to NYSERDA, and the payments by NYSERDA during the term of the agreement.

RES – Renewable Energy Standard, the renewable energy component of New York’s Clean Energy Standard.

RFP – The applicable RES Request for Proposals referenced on the cover page of this document under which the Seller was selected.

Verified Total Dollars – The total dollar amount of Incremental Economic Benefits verified by NYSERDA to have accrued to New York as a result of the development, construction, modification, and operation of the Bid Facility or Bid Facility Upgrade from the Award Notification Date through the end of the first three (3) Contract Years.

Additional Definitions are included in Article I of the RES Standard Form Agreement.

I. BACKGROUND

This document informs entities (“Sellers”) who claimed Incremental Economic Benefits and received awards under a Clean Energy Standard, Renewable Energy Standard Request for Proposals (“RFP”) on how to comply with the Incremental Economic Benefits verification requirements.

As described in the RFP,¹ one of the selection criteria used in scoring proposals and determining awards was an evaluation of the Incremental Economic Benefits claims submitted by the proposer as expected to accrue to New York because of the development, construction, modification, and operation of the Bid Facility.

As was stated in the RFP, independent verification of the Compliance Claim as compared to the Expected Total Dollars, is required after the first three years of the Contract Delivery Term. The Contract Delivery Term commences on the first day of the month after the Bid Facility commences Commercial Operation. (See e.g., RESRFP19-1 Summary Sections IX C. 3., XI, and Appendix 1 for a detailed description of eligibility and the evaluation and scoring process for Incremental Economic Benefits.)

Sellers are required to submit, at Seller’s expense, an Economic Benefits Report, demonstrating the amount of Incremental Economic Benefits that resulted from the construction and operation of the Bid Facility under the two categories and within the eligibility requirements listed in the RFP. Sellers are further required to engage a New York State certified, independent certified public accountant (Independent CPA) to prepare an Agreed Upon Procedures Report (AUPR) for the purpose of ensuring and confirming that the Seller has included only qualifying Incremental Economic Benefits in its Economic Benefits Report.

Should the Verification Process, as described below, fail to reasonably demonstrate and support a total dollar amount of Incremental Economic Benefits that, divided by Installed Bid Capacity, is at least 85% of Expected Total Dollars divided by the Bid Capacity, NYSEDA may at its option, upon Notice to Seller, modify the Agreement by reducing the Bid Price payable for the remainder of the Contract Delivery Term by an amount equal to the percentage shortfall between the verified Incremental Economic Benefits compared to the Expected Total Dollars.

The remainder of this document is organized as follows:

- **Section II, Verification Process**, lays out the steps to be taken by the Seller, Independent CPA, and NYSEDA during verification.
- **Section III, Independent CPA Qualifications**, provides guidance on the qualifications the Seller’s Independent CPA must meet.
- **Section IV, Economic Benefits Reporting Standards**, informs the Seller how to prepare an Economic Benefits Report, including the definitions of valid expense claims for Incremental Economic Benefits and how such Incremental Economic Benefits claims must be documented by the Seller, according to standardized submission and documentation processes and best practices.
- **Section V, Guidance for Independent CPA; Agreed Upon Procedures**, describes the agreed upon procedures to be performed by the Independent CPA to support the Seller’s economic benefits claims. Findings must be documented in an AUPR.

¹ E.g., RESRFP19-1 Section XI. A. 1. and Appendix 1

Objectives of Reporting Economic Benefits under Reporting Standards

The Economic Benefits Report keeps Proposers/Sellers accountable for their Incremental Economic Benefits claims and encourages Proposers/Sellers to put forward realistic estimates of spending and impact in their proposals. Further, the reports also generate valuable information about the actual economic benefits accruing to New York State from these procurements.

The Reporting Standards establish clear guidelines and requirements to standardize bid submissions and post-award Economic Benefits Reports. The Reporting Standards define valid expense claims, how such claims must be reported, and acceptable documentation.

The verification requirement is intended to ensure independent validation of Incremental Economic Benefits. Verification conducted by qualified professionals according to professional standards is intended to keep the verification process fair, transparent and streamlined.

II. VERIFICATION PROCESS

The verification process is as follows.

- Step 1. Six (6) months before the third (3rd) anniversary of the commencement of the Contract Delivery Term (i.e., 30 months after the beginning of the Contract Delivery Term), Seller must provide the name of its selected Independent CPA to NYSERDA. Upon engagement, Seller is to provide the following to the Independent CPA:
 - Step Three Bid Proposal submitted by Seller under the RFP, including Section XI. A. (1) (Incremental Economic Benefits Claims) and required attachment: Economic Benefits Calculations and Summary Table.xls (see Attachment A for an example of the template);
 - NYSERDA's confirmation to Seller of the Expected Total Dollars (\$0,000,000).
 - Copies of the RFP and RES Standard Form Agreement for reference.
- Step 2. The Seller will prepare an Economic Benefits Report documenting the total dollar amount of *actual* Incremental Economic Benefits accrued to New York as a result of the development, construction, modification, and operation of the Bid Facility from the Award Notification Date through the end of the first three (3) years of the Contract Delivery Term. The Economic Benefits Report should document expenditures in each of the Economic Benefits categories, as described in the RFP (e.g., RESRFP19-1, Appendix 1) and herein, and should be prepared according to the guidelines provided in Section IV herein.
- Step 3. The Seller must provide its Economic Benefits Report to the Independent CPA, collect all supporting documentation to support the Claimed Expenses in the Economic Benefits Report, and be prepared to submit all documentation requested by the Independent CPA as needed to conduct the AUPR.
- Step 4. The Independent CPA will perform the Agreed Upon Procedures as described in Section V, Guidance for Independent CPA; Agreed Upon Procedures, below. The Independent CPA will prepare an AUPR in accordance with the Agreed Upon Procedures in Section V.
- Step 5. The Independent CPA will submit the AUPR and original Economic Benefits Report provided by the Seller to NYSERDA within one hundred twenty (120) days of the third anniversary of the commencement of the Contract Delivery Term.
- Step 6. Seller, at its option, may provide a final Economic Benefits Report to NYSERDA that addresses questioned costs identified in the AUPR. If Seller so chooses, it must be submitted to NYSERDA within one hundred twenty (120) days of the third anniversary of the commencement of the Contract Delivery Term.
- Step 7. NYSERDA will examine the Economic Benefits Report and AUPR and calculate the Verified Total Dollars. NYSERDA will then compare the Verified Total Dollars against the Expected Total Dollars. If the Verified Total Dollars are less than 85% of the Expected Total Dollars, NYSERDA may make a price adjustment pursuant to the RES Standard Form Agreement Article V. Adjustments.

If NYSERDA finds that any of the review steps in the AUPR have not been completed, the Seller will not be considered to have completed its required reporting until the AUPR is satisfactorily revised to reflect that the agreed upon procedures in Section V were conducted. Sellers will be subject to the adjustments outlined in the RES Standard Form Contract for failure to comply with the contractual obligation to demonstrate Verified Total Dollars.

III. INDEPENDENT CPA QUALIFICATIONS

The Seller must engage an independent New York State certified public accountant (Independent CPA) in good standing, registered, and licensed by the State of New York to prepare an AUPR using agreed upon procedures in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Attestation Engagements, Number 18, *Attestation Standards: Clarification and Recodification*. The Independent CPA must not be an employee of the Seller's company and cannot take part in preparing the Economic Benefits Report.

The Independent CPA must complete the agreed upon procedures and produce an AUPR in accordance with the process outlined in Section V, Guidance for Independent CPA; Agreed upon Procedures.

IV. ECONOMIC BENEFITS REPORTING STANDARDS

This section provides guidance to Sellers on preparing the Economic Benefits Report. These Reporting Standards specify the definitions of valid Claimed Expenses and how they must be documented, according to standardized submission and documentation processes and best practices.

Requirements and Instructions for Sellers

Sellers must prepare the Economic Benefits Report in two Parts:

- Part 1: Provide a written summary of the actual Incremental Economic Benefits created by the Bid Facility from the Award Notification Date through the first three years of the NYSERDA Contract Delivery Term. The summary must reflect the total expenditures by category and align with the dollar total of the entries in Part 2 of the Economic Benefits Report. The categories are listed below and mirror the Incremental Economic Benefit claims subcategories in the Step Three Bid Proposal submitted by the Seller.
- Part 2: Provide an organized list of detailed expenses substantiating the summary in Part 1 in a Microsoft Excel spreadsheet format provided by NYSERDA (Attachment B. Seller's Incremental Economic Benefits Report Part 2 Template). Supporting transaction details must be submitted by the categories listed below in the NYSERDA-provided template or another agreed-upon format. (Please refer to the template for specific entry instructions by category). The spreadsheet totals must match the summary data presented in Part 1 of the Economic Benefits Report.

Seller should be prepared to provide supporting documentation for the transactions entered in Part 2. Supporting documentation must include adequate third-party information to allow an Independent CPA to identify the transactions as eligible expenses incurred in New York as the result of the development, construction and/or operation of the Bid Facility. The Independent CPA will request the specific documentation, and Sellers must be able to provide all documentation requested electronically and in an organized form. See Section V, Guidance for Independent CPA; Agreed upon Procedures for more detail. **NYSERDA retains the right to request any and all documentation of claims made by Seller.**

Preparing the Economic Benefits Report

Incremental Economic Benefits are evaluated across the two Incremental Economic Benefits categories in the RFP and must be reported and verified by the same categories. The Economic Benefits Report must describe, document, and substantiate payments and expenses the Seller accrued in each of the following categories in both a narrative summary (Part 1) and a detailed list (Part 2). The Seller must be prepared to provide acceptable documentation as described below upon request by the Independent CPA. If a Bid Facility did not accrue Incremental Economic Benefits in both categories, the Seller should note in Part 1 which category is not applicable and will not need to enter information on this category in Part 2.

Sellers may **not** include indirect benefits or those created by any “multiplier effect” or other attribution method under which the creation of peripheral spending and jobs might be credited to direct capital infused into the economy. Only those Incremental Economic Benefits meeting these criteria and falling within the categories defined below may be included in the Economic Benefits Report.

Category 1. Long-Term Economic Benefits to New York State

- Part 1:** Describe the degree to which the development, construction, and operation of the Bid Facility directly created (added) Long-Term Jobs (jobs lasting more than 3 years) and/or accrued long-term payments to the New York State economy, its municipalities and/or residents. Payments that provided long-term royalties, production-based payments, land lease or land use payments or other

forms of compensation are eligible in this category. Payments for non-renewable fuels (e.g. natural gas) are not eligible for consideration in any Economic Benefits category. Eligible claims include:

a) Employment of New York workers in the form of Long-Term Jobs (jobs lasting longer than three years). These can include, but are not limited to, jobs associated with operations and maintenance, plant management, long-term project development, or similar;

Describe the degree to which the operation of the Bid Facility directly created (added) Long-Term Jobs (jobs lasting more than 3 years) in New York. Examples include, but are not limited to, those jobs associated with operations and maintenance, plant management, or similar functions.

Describe the type of jobs, roles and responsibilities, and any other information that will characterize and explain the specific data provided in Part 2 (below). Identify the total number of jobs created in Full Time Equivalent (FTEs).

b) New or increased local property tax payments to school districts, cities, towns, or other taxing jurisdictions;

c) Payments in Lieu of Taxes (PILOT) agreements or other alternative taxing mechanisms and forms of compensation;

d) Host community payments, mitigation/conservation payments, or other funds that will directly benefit the host community for more than three years, such as Seller-funded projects that will not be linked to the Bid Facility (e.g. new building or infrastructure improvements to the host town(s), funds established in the host town to benefit local residents);

For subcategories b-d above, describe how the Bid Facility's operation has provided new or increased local property tax revenues to school districts, cities, towns or other taxing jurisdictions in New York, or alternatively, Payments in Lieu of Taxes (PILOT) or other alternative taxing mechanisms and forms of compensation, or other funds that will directly benefit the host community for more than three years.

e) Payments for leases of land in New York; and

f) Payments associated with the production of electricity, such as fuel purchases, biomass sourced or harvested in New York, or purchases of landfill gas produced in New York.

For subcategories e-f above, describe how the Bid Facility's operation has provided royalties, production-based payments, land lease or land use payments or other forms of compensation, including land purchase payments associated with securing rights to or directly acquiring fuel or access to wind resources for the Bid Facility (e.g., wind, biomass, biogas). Examples include payments for leases of land in New York and payments associated with the production of electricity, fuel purchases of biomass sourced or harvested in New York, and purchases of landfill gas produced in New York. Payments for non-renewable¹² fuels such as natural gas are not eligible for inclusion in any Economic Benefits category.

¹ See [Appendix A](#) of the Clean Energy Standard Order for definition of renewable fuels.

Part 2: Follow the instructions for the specific Category 1 subcategories below.

a) List each job created, providing the type of job, the job title, duration, and the total compensation and direct benefits (excluding overhead for normal operations) over the reporting period. If a position listed is a Long-Term Job filled by more than one employee over the three-year period, provide an explanation of such in the notes field.

b-d) List separately all tax payments, PILOT arrangements and/or Host Community Agreement payments with all affected jurisdictions. (All other taxes and payments to municipalities or state agencies, including New York State sales taxes and local sales taxes, fees to town clerks, permit fees, etc., may be included under Category 2. Short-Term Economic Benefits to New York.)

e-f) List separately all payments for royalties, production-based payments, land lease, land use payments, and fuel purchases.

Provide summary data for the total dollars for all long-term economic benefits (compensation/salaries and benefits, tax and municipal payments, other payments) **through the end of the first three (3) Contract Years of operation** (Total Dollars). Report these summary data in Part 1.

Prepare documentation for the Independent CPA to substantiate the Category 1 claims.

a) This may include yearly tax documentation for each long-term employee (W-2); payroll reports from a third-party payroll service identifying the primary employer; and benefits payment documentation (invoices from health or other benefits providers identifying benefits cost by employee). Documentation must clearly indicate each employee's state of residence.

b-f) This may include invoices and accompanying documentation to confirm actual payment(s) with copies of PILOT Agreements or Host Community Agreements; or other invoices and accompanying documentation to confirm actual payment(s), including copies of 1099's for all landowners for each year, with copies of easement and lease agreements; copies of fuel contracts to confirm eligibility of fuel/biomass purchases; or invoices and accompanying documentation to confirm actual payment for eligible fuel/biomass purchases.

Category 2. Short-Term Economic Benefits to New York State

Part 1: Describe the degree to which in-state (include local and statewide) economic activity increased as a result of in-state purchases and Short-Term Jobs. Describe the types, duration, the number of jobs in Full Time Equivalents (FTEs), and the average annual salary and benefits for all jobs.

Eligible claims include:

a) Employment of New York workers in the form of short-term jobs (jobs lasting less than three years). These can include New York State construction, rail and port workers, contractors and laborers, engineering or environmental service providers, consultants, financial service advisors, and legal service providers associated with the development and construction/modification of the Bid Facility;

b) Employment of New York workers for ongoing operations and maintenance expenses which are anticipated through the first three (3) years of Commercial Operation;

c) Land purchase payments associated with securing rights to a Bid Facility site;

d) Purchase or use of local goods and services, such as, but not limited to, food, lodging, vehicles, equipment, and/or fuel; and

e) Purchases of materials sourced from within New York such as, but not limited to, gravel, steel,

concrete and similar materials, purchases and use of equipment and products manufactured or assembled within New York, and/or the use of rental equipment or similar supplies sourced from within New York. Bid Facility components (e.g. wind turbines, solar panels) not manufactured within New York are not eligible for consideration in any Economic Benefits category. List each type of purchase, service, or employment that will be used and provide total dollars, including New York State and local sales taxes, expected to be spent on all the purchases, consumption of local/in-state goods, or short-term employment from this category from the Award Notification Date through the end of the first three (3) Contract Years of operation (Expected Total Dollars).

Part 2: List all payments for short-term jobs, land purchases, goods, services, materials, operations or maintenance expenses.

Provide summary data for the total dollars for all short-term economic benefits **through the end of the first three (3) Contract Years of operation** (Total Dollars). Report these summary data in Part 1.

Prepare documentation for the Independent CPA to substantiate claims of in-state purchases, consumption of goods, and short-term employment. This includes documentation to substantiate claims in the following sub-categories:

1. Direct short-term employment hired by the Seller:

Acceptable documentation includes invoices and accompanying documentation to confirm actual payment(s) made toward short-term New York State jobs; W-2's, 1099's or other tax documentation; copies of subcontracts detailing short-term labor provided under such contracts; confirmation of labor being sourced from within NY (identify if a specific labor union was used or provide employee names and confirmation of NYS residency status).

2. Short-term employment created by the Seller's use of NYS Firms for engineering, environmental, financial, legal or other services, or other consultants associated with the development and construction/modification of the Bid Facility;

3. Purchases of materials sourced from within New York, or, the purchase and use of equipment and products manufactured or assembled within New York, or, the use of rental equipment or similar supplies sourced from within New York; and/or

4. Expenses related to ongoing operations & maintenance:

Acceptable documentation applicable to the above sub-categories 2, 3, and 4 includes itemized receipts, a check register report per vendor (which includes the check numbers, dollar amounts, invoice numbers paid and totals); each corresponding individual invoice that was submitted for payment accompanied by proof of payment; a bank statement for a sampling of checks or wire transfers if deemed necessary by the Independent CPA.

5. Land purchase payments associated with securing rights to a Bid Facility site:

Acceptable documentation includes a copy of a deed or title from the County Recorder or Register and accompanying Statement of Sale, or other equivalent evidence of property payment and transfer (i.e., Note and Mortgage if financing was used in transaction).

6. Purchases and consumption of local goods and services:

Acceptable documentation includes receipts for hotels, meals, fuel, rental cars, and equipment purchased in New York. Per diem payments made to non-New York State residents without specific, itemized expenses are not an acceptable form of documentation.

7. Expenditures incurred by a General Contractor for any of the expenses above, requiring the same documentation as outlined above. Seller is responsible for obtaining all necessary documentation from General Contractors, including Part 2 (spreadsheet) entries and supporting documents:
- If the General Contractor is located in New York State: Acceptable documentation of in-house labor billed to the project by the contractor includes payroll records with confirmation of New York State residence of employees. General Contractor may also self-certify costs of in-house equipment use. Acceptable documentation includes records of equipment used in construction of the Bid Facility. Documentation should be accompanied by a letter signed by a principal of the company attesting to the expenses. If the General Contractor is located outside New York State, in-house labor and equipment expenses are not eligible for submission.
 - New York subcontractors utilized by the General Contractor: Acceptable documentation includes the General Contractor's check register reports by vendor (which includes the check numbers, dollar amounts, invoices paid and totals); the last Payment Application and final release waiver for each subcontractor to corroborate the payments in the check register report; a bank statement for a sampling of checks or wire transfers if deemed necessary by the Independent CPA.
 - New York suppliers/vendors utilized by the General Contractor (not part of a subcontract agreement): Acceptable documentation includes the General Contractor's check register reports by vendor (which includes the check numbers, dollar amounts, invoices paid and totals); corresponding individual invoices that were submitted for payment; a bank statement for a sampling of checks or wire transfers if deemed necessary by the Independent CPA.

V. GUIDANCE FOR INDEPENDENT CPA; AGREED UPON PROCEDURES

This section sets forth the Agreed Upon Procedures that an Independent CPA must follow for inspecting a Seller’s Economic Benefits Report.

Deadline for Submission

The Independent CPA is responsible for submitting the AUPR within one hundred twenty (120) days of the third-year anniversary of the commencement of the Contract Delivery Term. The AUPR must be **received by NYSERDA** on or before this date. Files may be submitted to the NYSERDA Large-Scale Renewables team at LSROPS@nyserda.ny.gov.

Organization of Report

The Independent CPA should organize its submission to NYSERDA as follows:

- AUPR
- Procedures and Findings
- Seller’s original Economic Benefits Report

Use of Sampling Techniques

The Independent CPA will use the following guidance in selecting a sample of transactions:

To determine the required sample sizes for Category 1 and Category 2, first determine the Seller’s total overall Compliance Claim for both Categories combined. Then, within Category 1, select a sample size for each of the three transaction dollar ranges, according to the following chart. Repeat for Category 2 transactions.

Seller's Total Compliance Claim: Under \$10 million	Transactions over \$100,000	Transactions \$10,001 - \$100,000	Transactions \$1 - \$10,000
Number of Samples Required:	All*	50*	15
Seller's Total Compliance Claim: Between \$10 to \$50 million	Transactions over \$200,000	Transactions \$25,001 - \$200,000	Transactions \$1 - \$25,000
Number of Samples Required:	All*	75*	15
Seller's Total Compliance Claim: Over \$50 million	Transactions over \$400,000	Transactions \$50,001 - \$400,000	Transactions \$1 - \$50,000
Number of Samples Required:	All*	100*	15

* The Independent CPA may either test the noted sample size or 70% of the Seller’s Total Compliance Claim for the respective dollar range.

An example of this sampling methodology is provided here:

A Seller has a total Compliance Claim of \$18 million: \$6.5 million in Category 1 transactions and \$11.5 million in Category 2 transactions. This puts the Seller in the second Compliance Claim category shown above, between \$10 to \$50 million. The Independent CPA begins by testing the Category 1 transactions as follows:

For Category 1 transactions over \$200,000, the Seller has made five \$400,000 transactions and one transaction of \$300,000, totaling \$2,300,000. The Independent CPA shall either test all of these transactions, or may select a sample of transactions and cease testing once transactions equaling at least \$1,610,000 (70% of \$2,300,000) have been tested.

For Category 1 transactions between \$25,001 and \$200,000, the Seller has made 50 transactions of \$30,000 and 30 transactions of \$80,000, totaling \$3,900,000. The Independent CPA shall either test at least 75 of these transactions, or at least \$2,730,000 worth of transactions (70% of \$3,900,000). For example, if the Independent CPA opts to test the 75-transaction sample size, they could test 45 of the \$30,000 transactions and test all 30 of the \$80,000 transactions, totaling \$3,750,000 in tested transactions.

For Category 1 transactions between \$1 and \$25,000, the Seller has made 10 transactions of \$20,000 and 50 transactions of \$2,000, totaling \$300,000. The Independent CPA shall test at least 15 of these transactions. For example, this may end up being 10 of the \$20,000 transactions and five of the \$2,000 transactions, totaling \$210,000 in tested transactions.

The Independent CPA repeats a similar exercise for Category 2.

Applying General Procedures to Specific Circumstances

This document provides guidance and specific examples of the procedures to be performed in providing NYSERDA with assurances as to the accuracy and completeness of Seller's Economic Benefits Report to NYSERDA. Additionally, accounting systems and data structures of each of the Sellers will vary along with the types of internally available information and reports. Accordingly, the requirements described in Sections V and VI of this document are not intended to be all-inclusive, but rather represent the guidance to be applied in performing tests of the documentation trail associated with the information submitted to NYSERDA by Sellers. The Independent CPA may use judgment to execute the agreed-upon procedures engagement under each specific circumstance, such as an inspection of specified documents evidencing certain types of transactions or detailed attributes thereof; a comparison of documents, schedules, or analyses with certain specified attributes; and the performance of mathematical computations.

General Notes on Performing the AUPR

- The AUPR must be produced by responding to each step in the Economic Benefits Agreed Upon Procedures that follow this section. When submitting the AUPR to NYSERDA, a scan of a printout is acceptable, as is a PDF generated with electronic signatures.
- While performing the Agreed Upon Procedures, the Independent CPA may develop a list of questioned costs, including but not limited to benefit claims listed in the wrong benefit category, unsubstantiated or inaccurate dollar value claims, etc. The Seller may choose to remove any unsubstantiated claims from its report prior to submission of a final Economic Benefits Report to NYSERDA.
- If questions regarding the scope of testing arise, the Independent CPA should contact NYSERDA staff at res@nyserda.ny.gov for guidance, and for approval of any changes that may be necessary to address scope of testing issues.

Agreed Upon Procedures

The purpose of performing the agreed upon procedures is to ensure and confirm the information submitted by the Seller on the Economic Benefits Report is accurate and correct related to the following areas:

Category 1: Long-Term Economic Benefits to New York State

- Job/payment/transaction is related to the development, construction, and/or operation of the Bid Facility.
 - Payment/transaction was made during the time period between the RES RFP Award Notification Date and the third anniversary of the commencement of the Contract Delivery Term.
 - The expenditure is valid, and proper amount is provided on the Economic Benefits Report Part 2.
- a) Payments related to long-term New York State jobs created**
- A job title was filled for 3+ years and/or an individual was employed for 3+ years.
 - The employee was a New York State resident.
- b) Payments related to new or increased local property tax payments to school districts, cities, towns, or other taxing jurisdictions;**
- c) Payments related to Payments in Lieu of Taxes (PILOT) agreements or other alternative taxing mechanisms and forms of compensation;**
- d) Payments related to Host community payments, mitigation/conservation payments, or other funds that directly benefit the host community for more than three years;**
- e) Payments related to land leases in New York;**
- f) Payments associated with the production of electricity, such as fuel purchases, biomass sourced or harvested in New York, or purchases of landfill gas produced in New York.**
- Payment consists of new or increased local property tax revenues, or PILOT or other alternative taxing mechanisms and forms of compensation, or:
 - Payment was made to a school district, city, town or other taxing jurisdiction in New York State.
 - Payments established in the host town to benefit local residents, or;
 - Payment is associated with:
 - securing rights to or access to wind resources for the Bid Facility (examples: royalties, production-based payments, land lease or land use payments for land located in New York);
- or**
- directly acquiring eligible fuel for the Bid Facility (examples: fuel purchases of biomass sourced or harvested in New York, or purchases of landfill gas produced in New York).

Category 2: Short-Term Economic Benefits to New York State

- Job/Payment/transaction is related to the development, construction, and/or operation of the Bid Facility.
- Payment/transaction was made during the time period between the RES RFP Award Notification Date and the third anniversary of the commencement of the Contract Delivery Term.
- The expenditure is valid, and proper amount is provided on the Economic Benefits Report Part 2.
- For direct short-term employment hired by the Seller:
 - Payment was to an employee who was a New York State resident.
- For short-term employment created by the Seller's use of New York State Firms for engineering, environmental, financial, legal or other services, or other consultants associated with the development and construction/modification of the Bid Facility:
 - Payment was to a New York State supplier/vendor/firm.
- For purchases of materials sourced from within New York, or, the purchase and use of equipment and products manufactured or assembled within New York, or, the use of rental equipment or similar supplies sourced from within New York.
 - Payment was to a New York State supplier/vendor/firm.
- For land purchase payments:
 - Payment was for land necessary for securing rights to a Bid Facility site located in New York State.
- For expenses related to ongoing operations & maintenance.
 - Payment was to a New York State supplier/vendor/firm.
- For purchases and consumption of local goods and services.
 - Payment was to a New York State supplier/vendor/firm for local goods and services.
- For expenditures incurred by a General Contractor: Payments by the General Contractor for any of the categories above must meet the same attribute tests as outlined above. Where General Contractor uses in-house labor or equipment, subcontractors, or other suppliers/vendors, the following applies:
 - General Contractor located in New York State:
 - In-house labor – payment was to an employee who was a New York State resident.
 - In-house equipment use – records of equipment use are available; a principal of the company has provided a letter attesting to the expenses.
 - New York subcontractors utilized by the General Contractor:
 - Payment was to a New York State supplier/vendor/firm.
 - Where applicable, payment is substantiated by the subcontractor's last Payment Application and final release waiver.
 - New York suppliers/vendors utilized by the General Contractor (not part of a subcontract agreement):
 - Payment was to a New York State supplier/vendor/firm.

Perform the following specific procedures for all claims associated with Category 1 Long Term Economic Benefits to New York State:

1. Inquire of the Seller whether each transaction listed in Category 1 on the Economic Benefits Report is related to the development, construction, and/or operation of the Bid Facility.
2. From the Seller's Economic Benefits Report, select an appropriate sample for detailed testing of underlying transactions in accordance with the sampling methodology noted in the provided sampling chart. Disclose the population as well as the sample size for each category in the AUPR.

Perform the following specific procedures for claims associated with Category 1

a) Payments related to long-term New York State jobs created:

1. Compare the expenditures claimed for each transaction selected to the Seller's payroll records (i.e., payroll journals, W-2 forms, benefits invoices) and determine:
 - a. The name of the employer/purchaser is the Seller.

- b. The employee's address is located in New York State.
- c. Expenditure amounts agree to the payroll records and/or other supporting documentation.
- d. The payment was for services rendered during the time period between the RES RFP Award Notification date and the third anniversary of the commencement of the Contract Delivery Term
- e. The job title was filled for 3+ years and/or the individual was employed for 3+ years
- f. Expenditure agrees to the Seller's financial records (payroll journal, general ledger, cancelled checks, etc.)
- g. Expenditure is listed under the proper category.

Perform the following specific procedures for claims associated with Category 1

- b) Payments related to new or increased local property tax payments to school districts, cities, towns, or other taxing jurisdictions;**
 - c) Payments related to Payments in Lieu of Taxes (PILOT) agreements or other alternative taxing mechanisms and forms of compensation;**
 - d) Payments related to Host community payments, mitigation/conservation payments, or other funds that directly benefit the host community for more than three years;**
1. Compare the expenditures claimed for each transaction selected to the Seller's supporting documentation (i.e., invoices, PILOT agreements, Host Community Agreements) and determine:
 - a. Seller is named as the payor on the invoice and/or as party to the applicable agreement
 - b. Expenditure amounts agree to the supporting documentation.
 - c. The payment was for services rendered or goods received during the time period between the RES RFP Award Notification date and the third anniversary of the commencement of the Contract Delivery Term.
 - d. Payment consists of new or increased local property tax revenues, or PILOT or other alternative taxing mechanisms and forms of compensation that directly benefit the host community for more than three years.
 - e. Payment was made to a school district, city, town or other taxing jurisdiction in New York State, or to an entity that provides benefits to the host community.
 - f. Expenditure agrees to the Seller's financial records (cash disbursements journal, general ledger, cancelled checks, etc.
 - g. Expenditure is listed under the proper category.

Perform the following specific procedures for claims associated with Category 1

- e) Payments related to land leases in New York;**
 - f) Payments associated with the production of electricity, such as fuel purchases, biomass sourced or harvested in New York, or purchases of landfill gas produced in New York.**
1. Compare the expenditures claimed for each transaction selected to the Seller's supporting documentation (i.e., 1099s for landowners for each year, easements, lease agreements, fuel contracts, invoices) and determine:
 - a. Seller is named as the payor and/or as party to the applicable agreement
 - b. Expenditure amounts agree to the supporting documentation
 - c. The payment was for services rendered or goods received during the time period between the RES RFP Award Notification date and the third anniversary of the commencement of the Contract Delivery Term.
 - d. Payment is associated with either securing rights to or access to wind resources for the Bid Facility (i.e., royalties, production-based payments, land lease, land purchase, or land use payments for land located in NY) or directly acquiring eligible fuel for the Bid Facility (i.e., fuel purchases of biomass sourced or harvested in NY, or purchases of landfill gas produced in NY)

- e. Expenditure agrees to the Seller's financial records (general ledger, cancelled checks, etc.)
- f. Expenditure is listed under the proper category

Perform the following specific procedures for all claims associated with Category 2 Short-Term Economic Benefits to New York State:

1. Inquire of the Seller whether each transaction listed in Category 2 on the Economic Benefits Report is related to the development, construction, and/or operation of the Bid Facility.
2. From the Seller's Economic Benefits Report, select an appropriate sample for detailed testing of underlying transactions in accordance with the sampling methodology noted in the provided sampling chart. Disclose the population as well as the sample size for each category in the AUPR.
3. Compare the expenditures claimed for each transaction selected to the Seller's supporting documentation (i.e., payroll records, W-2s, invoices, 1099s, contracts and agreements) and determine:
 - a. Seller (or Seller's General Contractor) is named as the employer, payor on the invoice, and/or as party to the applicable agreement
 - b. Expenditure amounts agree to the supporting documentation
 - c. The payment was for services rendered or goods received during the time period between the RES RFP Award Notification date and the third anniversary of the commencement of the Contract Delivery Term
 - d. Payment is associated with goods, services, materials, land purchase, operations and maintenance expenses, and/or Short-Term Jobs.
 - e. The vendor is a New York State Firm, and/or expenditures for local goods and services were made by or on behalf of an employee, and/or the employee's address is in New York State.
 - f. Expenditure agrees to the Seller's financial records (cash disbursements journal, payroll journal, general ledger, cancelled checks, etc.).
 - g. Expenditure is listed under the proper category.
4. Inspect records supporting in-house equipment expenditures and obtain copy of letter provided by the Seller or General Contractor attesting to the accuracy of the expenditures reported for in-house equipment use.

**ATTACHMENT A.
SELLER'S ECONOMIC BENEFITS CALCULATIONS AND SUMMARY TABLE FROM RFP**

Sample Seller's Economic Benefits Calculations and Summary Table.xls (e.g., RESRFP19-1 Attachment K). Proposers submitted a populated file to NYSERDA's solicitation, example provided for reference.



Attachment K -
Economic Benefits C

ATTACHMENT B.
SELLER'S INCREMENTAL ECONOMIC BENEFITS REPORT PART 2 TEMPLATE

The following Excel template should be used to report transactions for the Economic Benefits Report Part 2 submission. If Seller employs a General Contractor(s) during the reporting period, Seller may provide this template to the General Contractor for tracking and organization of General Contractor's project expenditures that qualify as Incremental Economic Benefits. Seller's and General Contractor's transactions should be consolidated to one spreadsheet for submission as Part 2 of the Economic Benefits Report.



Attachment B.
Seller's Incremental