

For: State and County Offices

**Delivering Biomass Crop Assistance Program (BCAP) Eligible Material,  
Making Matching Payments, and Other Provisions**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Notice BCAP-17 provided:

- an overview of the matching payments business process
- guidance for entering into a BCAP Agreement with a biomass conversion facility (BCF).

Notice BCAP-20 provided policies, procedures, and guidance for:

- handling matching payment applications
- obtaining a conservation, forest stewardship, or equivalent plan
- approving the matching payment agreement.

Matching payments:

- provide an eligible material owner (EMO) a payment for the collection, harvest, storage, and transportation of eligible material to a qualified biomass conversion facility (QBCF)
- payment rate is \$1 for each \$1 per dry ton paid by QBCF to EMO, **not** to exceed \$45 per dry ton; EMO may not receive matching payments beyond a 2-year period
- are available for all sales and deliveries of eligible material by EMO to QBCF within this 2-year period for which the County Office has funds available for commitment on the County CRES ledger for BCAP.

Notice BCAP-17 provided an overview of BCAP implementation for matching payments. Notice BCAP-18 provided policies and procedures for qualifying BCF's to support matching payments under the final rule.

<b>Disposal Date</b>	<b>Distribution</b>
July 1, 2011	State Offices; State Offices relay to County Offices, State Forestry Agencies, State NRCS Offices, and State RD Renewable Energy Coordinators

## Notice BCAP-21

### 1 Overview

#### B Purpose

This notice provides policies, procedures, and guidance for:

- delivering eligible material to QBCF
- QBCF monitoring and tracking of deliveries
- EMO requests for payment
- making payments.

**Note:** Notice BCAP-18, Exhibit 1, provided definitions applicable to matching payments.

### 2 Sequence of Event for Matching Payments

#### A Basic Sequence

Notice BCAP-17 provided the basic sequence of events for matching payments which include the following.

Step	Basic Sequence
1	BCF becomes qualified according to Notice BCAP-20.
2	EMO enters into a binding agreement with QBCF to deliver eligible material.
3	EMO initiates a matching payment application using AD-245, page 1, and County Office makes eligible material, EMO, and related eligibility determinations.
4	EMO provides and certifies to a conservation, forest stewardship, or equivalent plan for each field (CLU) covered by the matching payment application where eligible material will be collected.
5	County Office approves eligible AD-245, page 1's, provided all of the following are met: <ul style="list-style-type: none"><li>• EMO, eligible material, and related eligibility determinations are made</li><li>• EMO has certified to conservation, forest stewardship, or equivalent plan requirements</li><li>• matching payment funds are available on the County Office BCAP ledger.</li></ul>
6	County Office informs EMO of approval, and EMO may begin delivering eligible material to QBCF. QBCF monitors and records deliveries.
7	After EMO completes deliveries, EMO requests payment from County Office using 1 or more AD-245, page 2's.
8	County Office makes payment to EMO.

**Note:** Notice BCAP-20 covered Steps 2 through 6. This notice covers Steps 7 and 8.

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### 3 Delivering Eligible Material

#### A Delivery Timing

After delivering eligible material to QBCF, EMO must notify County Office and request the matching payment by filing delivery information, as required, on AD-245, page 2 **before** the practice expiration date.

#### B Delivery Locations

EMO may deliver either to QBCF or to a satellite location approved by QBCF. Satellite locations **must** comply with **both** of the following to serve as an acceptable location for delivering eligible material:

- the location **must** be under the immediate management and control of QBCF
- all requirements of this notice are met, including weighing eligible material and issuing scale tickets.

Eligible material delivered to satellite locations that does **not** meet these qualifications is **not** eligible for matching payments.

#### C Purpose of Delivery

After eligible material delivery, QBCF issues receipts, scale tickets, and related documents on or after the date of delivery to EMO who submits copies to FSA to request a matching payment.

County Office prepares AD-245, page 2, for EMO to request payment after eligible material delivery.

### 4 Documentation Required for Payment Approval

#### A Required Transaction Documents

After delivery, EMO must provide all of the following transaction documents to County Office for each load.

- Settlement sheets meeting the requirements of subparagraph B. Scale tickets may be attached to settlement sheets, but are **not** required.
- Proof of payment reflecting the total payment received by EMO for delivery of eligible material. Proof of payment documentation may include invoices, receipts, cancelled checks, or other documentation.

**Note:** Each document must be initialed by an authorized QBCF representative and indicate the per-dry ton payment rate QBCF paid EMO for the eligible material delivery.

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### 4 Documentation Required for Payment Approval (Continued)

#### A Required Transaction Documents (Continued)

- If applicable, a copy of each bill of lading issued by any third party carrier for delivery of eligible material to QBCF.
- Other evidence determined necessary by the State or County Office to determine practice performance and proper payment calculation, if included in a State Office supplement to this notice.

#### B Settlement Sheets

EMO must submit to the County Office, a settlement sheet provided to them by QBCF to receive matching payments. Additional documentation submitted by EMO to meet the requirements of this paragraph may also include copies of scale tickets.

Settlement sheets, at a minimum, must include the following information for each load:

- name of EMO
- type of eligible material biomass delivered
- actual total tonnage (green tons) delivered
- total dry-ton equivalent (dry tons) to the actual tonnage delivered amount determined by QBCF using moisture measuring equipment
- date of delivery
- scale ticket numbers, or attached scale tickets
- price received per dry ton delivered
- QBCF facility ID number
- signature of authorized representative (original, electronic, or stamped) for QBCF.

### 5 Required Transaction Documents and Making Payments

#### A Transaction Documents

Review, copy, and return original supporting documentation submitted by the producer. Keep supporting documentation for matching payments in each application file in the County Office for 5 years after the matching payment has been disbursed. See Notice BCAP-12 for BCAP filing codes.

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### 5 Required Transaction Documents and Making Payments (Continued)

#### B Calculating Matching Payments

Matching payments are calculated at the rate of \$1 for each \$1 per dry ton paid by QBCF to EMO:

- not to exceed a maximum of \$45 per dry ton
- not exceed the 2-year payment duration.

**Notes:** One ton equals 2,000 pounds.

A dry-ton equivalent is the weight of the actual biomass with zero percent moisture. For example, 45.3 actual tons of biomass with an 11.6 percent total moisture content has a dry-ton equivalent of 40 tons ( $45.3 \text{ actual tons} \times (1 - .116) = 40.045 \text{ dry tons}$ ).

When requested by EMO on AD-245, page 2, calculate and disburse matching payments in CRES according to this formula:

$$\text{Matching Payment} = A \times B.$$

**Notes:** “A” is the rate per dry ton not to exceed \$45 per dry ton and “B” is the number of dry tons of eligible material actually delivered to QBCF.

Multiple incremental payments using AD-245, page 2, for a single approved AD-245, page 1, may be issued when eligible material is sold and delivered to QBCF in incremental loads.

**Note:** In the case of the delivery of different types of eligible materials, the actual tonnage of **each type** (dry weight equivalent) must be calculated and the sum of these types will be the total calculated payment.

Using normal rules of rounding, round the dry weight equivalent for payment calculation to the nearest 1/10th of a ton according to 3-CM, paragraph 3, then calculate payment to the nearest whole dollar according to 3-CM, paragraph 3. Record this amount on AD-245, page 2, as the “Cost-Share Earned” amount.

**Note:** There is no annual dollar payment limit per person or legal entity for matching payments.

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### 5 Required Transaction Documents and Making Payments (Continued)

#### C When to Calculate Matching Payment

Compute matching payment **only** after **all** the following actions have been completed:

- all required transaction document information has been obtained and is satisfactory
- if applicable, approved adjustments have been made in obligation level to reflect final performance levels

**Note:** Second party review is **required** for all BCAP documents and calculations.

- AD-245, page 2, “Cost-Share Earned”, has been approved by approving official.

#### D Disbursing Matching Payment

Matching payments **must** be:

- made when authorized according to 1-FI

**Note:** See 61-FI for prompt payment provisions, when necessary.

- computed based on the rates and specifications on AD-245, page 2, item 16A

**Note:** Adjust a matching payment if either of the following apply:

- an overpayment is caused by an error in data or computations that includes excess refunds
- an underpayment is caused by an error in data or computations that includes deficient refunds.

County Office employees **must** initial and date the corrected AD-245, page 2.

- paid as soon as possible after **all** of the following have been completed:
  - participant reports delivery of eligible material with acceptable copies of supporting transaction documents according to paragraph 4
  - COC or designee approves payment on AD-245, page 2
  - payment data recorded on AD-245, page 2.

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### 6 Completing AD-245, Page 2, for Payment Requests

#### A Overview

One or more AD-245, page 2's, must be completed for each AD-245, page 1. AD-245, page 2, is used to:

- authorize payment
- record final performance rates and related payment data
- calculate payment.

#### B BCAP Forms and System

AD-245, pages 1 and 2, and related matching payment BCAP ledgers, are fully automated in CRES. See 1-CONSV for additional detailed CRES instructions for AD-245 completion. Manually prepared AD-245's are **not** authorized.

**Note:** AD-862's are **not** authorized to be used for matching payments.

#### C Steps for Processing AD-245, page 2, Payment Requests in CRES

Process AD-245, page 2, payment requests in CRES according to this table.

Step	Action
1	On Conservation AD-245 Process Status Screen EEA17000, ENTER " <b>5</b> ", " <b>Partial Performance</b> ", or ENTER " <b>6</b> ", " <b>Final Performance</b> ", and PRESS " <b>Enter</b> " to continue.  <b>Note:</b> Partial payments made for BCAP CHST matching payments shall be made in the same standard procedure as normal CRES cost share partial payments.
2	PRESS " <b>Enter</b> " to continue through Conservation AD-245 Control Number Selection Screen EEA10500.
3	On Conservation AD-245 Site Char/Tech Practice Screen EEA13500, do the following: <ul style="list-style-type: none"><li>• for "Component Code Extent Needed", enter tonnage of biomass being paid and repeat</li><li>• add the appropriate technical code</li><li>• PRESS "<b>Enter</b>" to continue.</li></ul> <b>Note:</b> Hydrologic Unit Code is <b>not</b> needed.
4	On Conservation AD-245 Earnings Entry/Adjustment Screen EEA14000, for "C/S This Transaction", enter total or partial payment amount, as applicable, for the contract and PRESS " <b>Enter</b> " to continue.

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**6 Completing AD-245, Page 2, for Payment Requests (Continued)**

**C Steps for Processing AD-245, page 2, Payment Requests in CRES (Continued)**

<b>Step</b>	<b>Action</b>
5	PRESS “ <b>Enter</b> ” to continue through Conservation AD-245 Earnings Entry/Adjustment Screen EEA14001.
6	On Conservation AD-245 Ledger Data Screen, EEA14010, do the following: <ul style="list-style-type: none"> <li>• for “Extent Performed”, enter cumulative tonnage of biomass that has been delivered for this AD-245 page 1, PRESS “<b>Tab</b>”</li> <li>• for “C/S Earned”, enter total payment amount or partial payment amount for the contract</li> <li>• PRESS “<b>Enter</b>” to continue.</li> </ul>
7	On Conservation AD-245 Final Performance Data Screen EEA 14500, do the following: <ul style="list-style-type: none"> <li>• for “Practice Extents Number”, enter “cumulative tonnage of biomass delivered”, PRESS “<b>Tab</b>”</li> <li>• for “Total Installation Cost” enter amount of cost share earned</li> <li>• for “Date Performed”, enter current date the transaction is being entered into CRES</li> <li>• PRESS “<b>Enter</b>” to continue.</li> </ul>
8	On Conservation Transaction Payment/Receivable Screen EEA17610, for “Do You Wish To Issue The Payment(s)”, ENTER “ <b>Y</b> ”, if <b>all</b> information is correct and PRESS “ <b>Enter</b> ” to continue.

**Note:** See 1-CONSV, Part 5, for more information.

**7 Filing AD-245, page 2, Payment Requests**

**A Filed Timely**

To be considered timely filed, all completed AD-245, page 2’s, must be submitted with copies of QBCF transaction documentation to the County Office or postmarked on or before the practice expiration date set on AD-245, page 1.

**B Not Filing Timely**

For requests not filed on or before the practice expiration date, take enter either of the following actions on AD-245, page 2:

- cancel the corresponding approved AD-245, page 1
- notify EMO in writing of the cancellation and provide appeal rights according to 1-APP.



## Notice BCAP-21

### 8 Fraud, Waste, Abuse, and Schemes and Devices

#### A Examples

QBCF may **not** require EMO's to pay kickbacks, value-shares, paperwork handling fees, BCAP administrative fees, or similar payments. In such cases or in similar situations, COC **must** review to determine whether a scheme and device has occurred and, if necessary, notify OIG.

Examples of fraud, waste, or abuse used by QBCF's to defeat BCAP's purpose may include, but are **not** limited to the following:

- requiring EMO's to pay any type of fee associated with participation in BCAP, such as an administrative fee
- requiring EMO's to return any portion of their matching payment to QBCF for any reason, also known as kickbacks or value-shares
- colluding with EMO's to purchase material for prices above or below the fair market price whether or not the real prices are fully documented
- colluding with EMO's to purchase ineligible material
- requiring EMO's to assign a matching payment to wholly or partially owned subsidiaries of QBCF, such as subsidiaries that harvest or transport material
- requiring or allowing EMO's to do anything for QBCF other than delivering eligible material as outlined in the sales agreement or binding Letter of Intent.

### 9 Contacts

#### A County Office Contact

For questions about this notice, County Offices shall contact the State Office.

#### B State Office Contacts

State Offices shall contact either of the following:

- Kelly Novak, 202-720-4053, for policy or procedure questions
- Bryan Rogers, 202-720-6825 for CRES/automation questions.

#### C QBCF Contact

QBCF's with questions about qualification should contact the State Office for the State where BCF is primarily located.

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### **9 Contacts (Continued)**

#### **D Producer Contact**

Producers of biomass with questions about eligible material, EMO qualification, and related BCAP participation should contact the County Office.

### **10 Actions**

#### **A State Office Action**

State Offices shall ensure that County Offices follow the provisions of this notice.

#### **B County Office Action**

County Offices must read and follow the provisions in this notice.