

WHITE PAPER

# Secure over 90% of your energy storage project financing with BC Hydro

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**Authored By**  
Miguel Resendiz





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# Addressing Energy Challenges for British Columbia Businesses

The business landscape in BC is undergoing a rapid transformation, presenting companies with the dual challenge of electrifying operations while reducing costs and greenhouse gas emissions. Critical challenges include managing peak demand charges, ensuring grid reliability, and sustaining dependable customer service.

As companies electrify vehicle fleets and expand energy-intensive processes, they often face increased peak demand charges. These charges can significantly strain operational budgets, making effective energy load management solutions essential.

Reliable access to electricity is vital for seamless operations. However, grid reliability issues can lead to unexpected outages, disrupt productivity, and impact revenue. Our locally engineered solutions not only address these challenges but also deliver tangible savings and enhanced operational continuity.

## **The Role of Battery Energy Storage Systems (BESS)**

Implementing a Battery Energy Storage System offers a strategic solution to these challenges. Businesses can effectively reduce peak demand charges by storing energy during off-peak periods and utilizing it during peak times, leading to substantial cost savings.

Additionally, transitioning from diesel backup generators to BESS reduces GHG emissions, supports sustainability goals, and enhances corporate social responsibility profiles.

Today, businesses in British Columbia that need a battery energy storage system can now receive a substantial discount on procurement through the BC Hydro Energy Storage Incentive Program.

Nonetheless, as convenient as BESS can be to businesses, it usually represents a huge capital expenditure. This can make the process of procuring a system long and inaccessible.

Moment Energy has developed a financing model that leverages the economic incentives that BC Hydro and the Federal Government provide to make the BESS more accessible to most businesses. Moment Energy has also developed a strategy to reduce procurement cycle times by turning capital expenditure into an operational expenditure through a financing program, making BESS an economic solution over power infrastructure upgrades.

## **Moment Energy is Your Trusted Local Partner**

Moment Energy understands that owning a BESS comes with a lot of responsibility, and requires that there is clear communication on the best procedures to take care of the product. Similarly, buying a BESS manufactured locally allows you the opportunity to work with us directly should you need support and maintenance of the equipment.

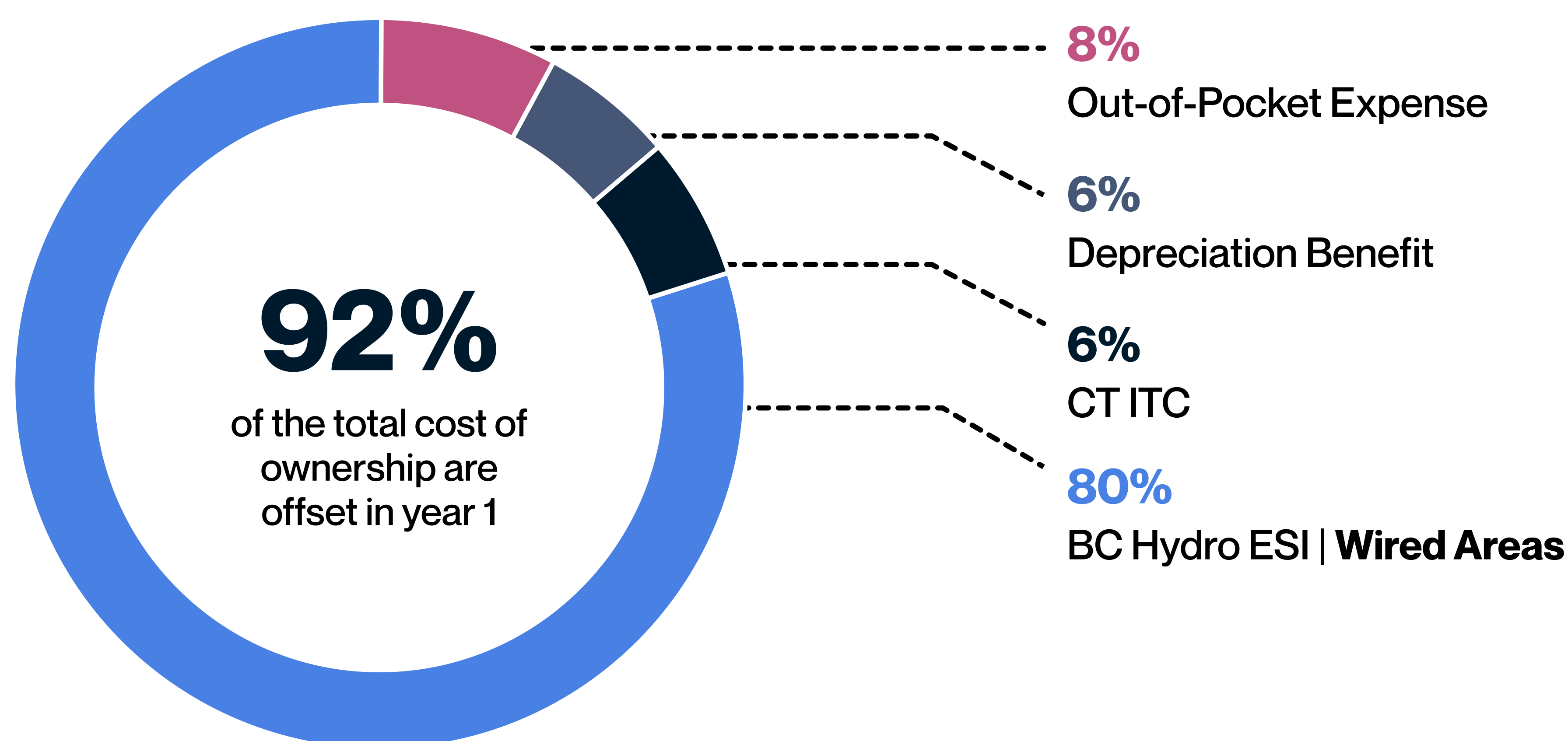
Working with a Canadian partner also means that the product was design to work within Canadian standards, and it is compliant with all regulation and requirements.

## Assumptions & Inputs

Moment Energy has identified three levers a business can pull to reduce the initial cost of a BESS by roughly **92%**.

- BC Hydro customers who sign up for the ESI program can receive financial incentives to reduce loads during peak demand times. By participating, customers can also receive funding from BC Hydro to cover 80% of project costs.
- Moment Energy's BESS is eligible for the Clean Technology (CT) Investment Tax Credit (ITC). The refundable CT ITC tax credit is for capital invested in adopting and operating new clean technology property in Canada. The tax credit is effective from March 28, 2023, to December 31, 2034. We anticipate an additional refund of approximately 6% of the total cost of the BESS.
- Moment Energy's customers will be able to reduce their income tax liability through an accelerated depreciation strategy, in which the customer may be able to reduce the product cost by approximately 6%.

Assuming a customer requires a 1 MWh system to reduce peak demand charges, their first-year net cash flow would be \$49,000. This document provides general information only and should not be construed as legal or financial advice. You are strongly urged to consult with a qualified tax advisor in your specific jurisdiction to assess the applicability and implications of any tax-related matters to your particular circumstances.



**Figure 1**



# Transforming Capital Expenditures into Operational Expenditures

Moment Energy will require a down payment as low as 5% to move forward with the development of the BESS project. At this point, this downpayment is the only Capex in the transaction.

Given the significant incentives offered by BC Hydro for this project, Moment Energy will support the Customer throughout the process—including applying for, filing, and receiving these benefits during the project deployment.

Once the system is installed and operational, the Customer will receive three incentive payments from BC Hydro: the first covering 50% of the total incentive, followed by two additional payments of 25% each.

In addition to the upfront incentives from BC Hydro, the Customer will also receive federal tax benefits through refundable Clean Technology Investment Tax Credits (CT-ITC), along with an additional 6% tax savings from year-one depreciation. Together, these incentives total over 92% of the initial project cost, although only 85% is paid to Moment Energy in year one.

To further reduce upfront costs, Moment Energy offers a low-interest loan at 3% annually to cover approximately 15% of the project cost. This makes the Customer's net upfront cost cash-flow positive from **day one**.

In addition to the robust BC Hydro incentive, the Customer can use around 12% of the CRA project incentives to repay this loan at any time.

Repayment does not begin until the Customer has received all year-one tax benefits, and the repayment structure is designed to resemble a standard O&M (Operations & Maintenance) fee.

Moment Energy also reduces risk for the Customer by offering a 10-year repayment plan, designed to support both the BESS installation and ongoing maintenance.

If Moment Energy does not meet its obligations under the O&M agreement, the Customer has the right to terminate the relationship and engage another provider.



# Typical Project Timeline

Month	Milestone	Description	Customer Payment Impact
-3 to 0	Due Diligence	Conduct in-depth review, economic assessment, AHJ & utility high-level review.	<b>\$0</b> – Preparation phase.
0	Incentive Application	Customer applies with BC Hydro.	<b>\$0</b> - Incentive application.
1	Contract Execution	Contract signing and initial deposit.	<b>5%*</b> customer deposit due.
1 to 6	Pre-Qualification & Permitting	Moment Energy collaborates with BC Hydro to secure permits and approvals.	<b>\$0</b> – No additional outlay.
6	BESS Delivery & Installation Start	System delivered to site; installation begins.	<b>\$0</b> – Customer out-of-pocket <b>+50%</b> – BC Hydro payment due (Customer pays BC Hydro payment to Moment Energy within 5 days).
7 to 8	System Energization	BESS is energized, triggering tax benefits and partial incentive payments.	<b>\$0</b> – Customer out-of-pocket <b>+25%</b> – BC Hydro payment due (Customer pays BC Hydro payment to Moment Energy within 5 days).
8 to 9	Distributer Energy Resource Management System (DERMS) Connection	Final integration with BC Hydro’s management system; remaining incentive payment processed.	<b>\$0</b> – Customer out-of-pocket <b>+25%</b> – Final BC Hydro payment due (Customer pays BC Hydro payment to Moment Energy within 5 days).
Post-Energization	Loan & O&M Phase	Commencement of the final “loan” repayment along with ongoing operations & maintenance.	Customer begins initial O&M / AP repayment.
Years 1 - 10	Turnkey Operation	Full service provided by Moment Energy covering design, build, installation, and 10 years of O&M.	Overall cost offset by <b>92%</b> in Year 1.

\*Down payment percentage will depend on the size of the project



# Risk and Responsibilities

Moment Energy will not charge additional operations and maintenance (O&M) fees as a true turnkey solution. This significantly minimizes the complexity and risks of procuring the system.

## Moment Energy & Customers Risk and Responsibilities

Moment Energy	Customer
<p><b>Turnkey Commitment</b></p> <p>Moment Energy provides a true turnkey solution, taking full responsibility for the BESS design, engineering, procurement, construction, and 10 years of operations and maintenance. This approach streamlines procurement, ensures project reliability, and eliminates hidden costs.</p>	<p><b>System Sizing</b></p> <p>To ensure the Battery Energy Storage System (BESS) is appropriately sized to meet BC Hydro’s demand response program requirements and significantly reduce peak demand charges, customers must provide 24 months of energy bills and 15-minute load data.</p>
<p><b>Financial Safeguards</b></p> <p>The project qualifies under BC Hydro’s Energy Storage Incentive (ESI), and the financial structure offsets up to 92% of the total cost in year 1 through BC Hydro incentives, the Clean Technology Investment Tax Credit, and the Depreciation Tax Benefit. Moment Energy mitigates risks related to payment timing by deferring system installation until BC Hydro funds are received.</p>	<p><b>Tax Benefit Requirements</b></p> <p>To fully benefit from the depreciation tax incentives, customers must generate sufficient taxable income. If not, the benefit may be deferred over the system’s lifespan.</p>
<p><b>Default Provisions</b></p> <p>If Moment Energy fails to meet the performance standards outlined in the O&amp;M agreement, it will be deemed in default. In such cases, the customer can terminate the agreement, remove Moment Energy, and engage a new provider. Any outstanding loan obligations will be forgiven, and no further payments will be required.</p>	<p><b>Incentive Payment Timing</b></p> <p>The timing of BC Hydro’s incentive payments is the primary risk for the customer. To mitigate this, Moment Energy endeavours to align these incentive payments with our vendor payments. This approach minimizes the customer’s upfront capital expenditures and maximizes their operating expenditure.</p>





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**Moment Energy Inc.**  
**7 Burbidge St #102**  
**Coquitlam, BC,**  
**V3K 7B2**