

Vendor Financing Process

Process overview

1

MEMBER OF THE BC HYDRO ALLIANCE OF ENERGY PROFESSIONALS PRESENTS PROJECT PROPOSAL TO CUSTOMER.

Proposal includes finance estimate schedule created using the BC Hydro tool.

2

CUSTOMER APPROVES PROPOSAL AND REQUESTS FINANCING AS A PAYMENT OPTION.

Alliance member uses the “connect me” button to ask for further support from the finance provider.

3

ALLIANCE MEMBER WORKS WITH THE FINANCE PROVIDER TO DEVELOP A FORMAL FINANCING PROPOSAL.

Finance provider contacts the Alliance member and working together develops the required financing paperwork.

4

ALLIANCE MEMBER COMPLETES PROJECT

5

THE FINANCE PROVIDER PAYS THE ALLIANCE MEMBER DIRECTLY.

Once the work is completed the customer signs a project completion declaration form and funds are released to the Alliance Member.

6

CUSTOMER BEGINS LEASE PAYMENTS.

Direct payments to the finance provider start once Step 5 is completed.

Customer pays final \$10 buyout at end of the lease term to become owner of the asset.

NEED MORE CLARIFICATION?

Turn the page for a detailed explanation of each step of the process.

Process steps explained in detail

1

ALLIANCE MEMBER PRESENTS PROJECT PROPOSAL TO CUSTOMER.

In the normal course of business an Alliance Member will present a project proposal to a customer. This should typically include:

- Estimated projects costs
- Estimated project benefits
- BC Hydro incentive estimate
- Alliance member terms and conditions
- Project financing proposal/schedule as a means of payment

The BC Hydro Self-serve incentive and Business energy saving incentive portals allow the Alliance member to create a simple Financing Estimate Schedule to assist with this proposal. This can be appended to the proposal, or data/information from this schedule can be incorporated into a proposal.



2

CUSTOMER APPROVES PROPOSAL AND REQUESTS FINANCING AS A PAYMENT OPTION.

In the online application portal, the “Connect Me” button helps the user to develop a formal leasing quotation for the project. The “Connect Me” button sends information about the project to a BC Hydro approved finance provider alerting them of your interest.

Information is not sent to the finance provider until the BC Hydro incentive application has been processed and approved. Once this is approved the finance provider will contact you within 48 hours.

The user must select the “Connect Me” button prior to sending the incentive application off to BC Hydro. Once the incentive application is sent, the user cannot return to the “Connect Me” button.

3

ALLIANCE MEMBER WORKS WITH THE FINANCE PROVIDER TO DEVELOP A FORMAL FINANCING PROPOSAL.

Within 48 hours of receiving the information from the “Connect Me” button the finance provider will contact the Alliance Member to work on step 3.

The leasing schedule created in the application portal provides an estimate of what a simple lease could look like. On receipt of the information sent via the “Connect Me” button the finance company has enough details to determine whether the customer is eligible for financing for the project.

However, there may be options that require further questions to be answered. These include:

- How much does the customer want to finance (total projects costs or part of the total)?
- How long does the customer want to extend the lease term for (years)?
- If the full project cost is financed, does the customer wish to make a balloon payment when the BC Hydro incentive cheque arrives?
- Does the customer require any seasonal or annual shaping to the lease repayment schedule to align repayments more closely with energy savings or business cash flows?

- For complicated projects with longer build durations a part payment or advance might be required by the Alliance member.

These options will require a brief conversation with the Alliance member or the customer.

Once the details have been finalized, the finance provider will carry out any required credit analysis and will create a formal leasing contract for review and signature by the customer.

The Alliance member can present the leasing offer directly to the customer for review and signature.

4

ALLIANCE MEMBER COMPLETES PROJECT

As per the BC Hydro incentive program rules, a project must not start until the incentive application is approved.

With a leasing contract the finance provider can pay the Alliance member directly once the project is completed. If a partial advance is required, documentation will be sent to the customer for signature to approve the advance. Any advance goes directly from the finance provider to the Alliance member.

5

THE FINANCE PROVIDER PAYS THE ALLIANCE MEMBER DIRECTLY.

Once the project is completed, the Alliance Member will send the project completion documentation to the customer for signature. The Alliance Member will return this signed documentation to the finance provider.

Once the project declaration form has been received by the finance provider, and a confirmation phone call is made, the finance provider will release funds to the Alliance member.

This form will contain information regarding the final as-built costs of the project. Providing this cost is within the original terms of the leasing contract no further information is required. This final price will be used to calculate the monthly repayments.

If during the project there is an increase in scope and cost outside the original estimate (greater than a 10% cost increase) the leasing offer will likely need to be revised. This can be easily facilitated by the finance provider.

At this time the BC Hydro Schedule B/C documentation should be submitted to BC Hydro as per the standard program rules to claim any incentive payment.

6

CUSTOMER BEGINS LEASE PAYMENTS.

At this point the asset or energy efficiency upgrade will be owned on paper by the finance provider. However, the benefits of use of the asset will go to the customer.

Any maintenance contracts, guarantees or warranties provided by the Alliance member will be set up between the Alliance member/manufacturer and the customer in the usual way. Ownership of the asset on paper does not impact these warranties.

The pre-arranged monthly lease payments from the customer will start to be collected by the finance provider according to the lease agreement. For most leases the final lease payment is followed by a \$10 buy-out option.

Once this final payment is made the finance company will provide paperwork to transfer ownership of the asset to the customer/user.