



Comparing Battery as a Service (BaaS) vs. Battery Ownership

Objective

Evaluate the operational, financial, and contractual trade-offs between Battery-as-a-Service (BaaS) agreements and direct battery ownership to support informed decision-making on long-term electrification strategies.

Key Points

BaaS can mask true operating costs

Hidden fees in usage-based agreements can inflate hourly operating costs beyond initial expectations.

Terminology matters

Misaligned contract language and inconsistent definitions across vendors make it difficult to compare and negotiate agreements effectively.

Justification

As BEV programs mature, battery strategy has become a top cost driver. Choosing between BaaS and ownership impacts not only capital allocation but also maintenance control, lifecycle flexibility, and contractual risk.

Inconsistent terms—such as what defines “uptime”, “readiness”, or “degradation limits” can lead to misaligned expectations and costly misunderstandings.

Implementation

The operations team developed a standardized terminology guide for BaaS and battery ownership agreements. This internal reference would serve as a foundation for negotiations, procurement evaluations, and contract reviews.

It was important that key terms like performance guarantees, minimum charge cycles, and service-level thresholds were clarified with the OEM as they would have significant impacts on the true operating cost.

The team use the guide to align internal stakeholders and reduces friction in supplier discussions.

Progress to Date

Entered into BaaS agreement.

“The reason you internalize your battery team is that you're making the switch to 'it needs to run.' OEM people aren't [always] experts in running a mine, and the incentives aren't aligned with running a mine.”

Electrical Engineer