

# UNDERSTANDING THE DEMAND RATE

Beginning in 2019, United Power began a phase-in implementation of a rate structure that breaks apart the costs for energy (kWh) and demand (kW). Separate energy and demand charge components apply to all rate options and rate classes.

## WHAT IS DEMAND?

Simply put, **energy** is the amount of power you consume, while **demand** measures your impact on the grid to deliver that power.

**For example:** Get in the driver's seat of your car for a moment. Energy (kWh) would be what is recorded on your car's odometer – a measurement of total miles. Demand is like your speedometer – measuring the speed at which the energy flows. The demand charge is your highest recorded "miles-per-hour" speed that month.

## WHY CHARGE A DEMAND RATE?

With a traditional blended rate where the impact of your demand is rolled up into a charge based on the power you use, some members pay more than they should, while others don't pay enough. United Power's advanced metering infrastructure allows us to have more accurate information about how each member uses power, and we can use that information to bill you more fairly for the two largest drivers of your electric consumption: your impact on the electric system (your demand) and amount of power you consume (your energy use). This allows us to adequately and fairly collect enough money through our rates to deliver power and maintain the utility system.

## HOW AM I BILLED FOR DEMAND?

The demand charge on your monthly bill represents the 15-minute interval with the highest energy consumption over that billing period, which is measured in kilowatts (kW). You are billed a per kW rate multiplied by the total kW of the single highest interval. The amount billed for demand per kW varies by rate type. On the standard residential rate, you are billed for the highest demand interval achieved over the billing cycle—this can occur anytime of day. The Smart Choice and Time of Day rates offer options to further manage demand charges by shifting energy use to off-peak hours.

You've always been able to save money by turning off lights, or turning back the heat, but now you can also affect your bill by staggering the use of appliances, and depending on your rate choice, you can save even more by shifting your usage to off-peak periods.

