



CUSTOMER CARE

UNDERSTANDING DEMAND CHARGE AND DEMAND METERS

by Austin Energy

WHAT IS DEMAND?

Electric demand is the maximum flow of electricity used at any one time by a customer and is measured in kilowatts (kW) by an electric demand meter. The highest level of electric demand during a billing month is called the peak demand. Demand charges can be a significant part of a business' utility bill

Austin Energy must have generation capacity to match the amount of its customers' peak kW demand. The higher the overall peak demand on the electric system, the more generation capacity and equipment is required.

DEMAND CHARGE

The demand charge recovers a portion of the cost for providing the generating capacity and equipment needed to serve the customer's peak demand. The demand charge is typically lower in the winter months (November - April) and higher in the summer months (May - October). The higher summer demand charge reflects the increased cost of providing electric service during the period of peak system load. The demand portion of the bill is based on the peak demand (recorded in kW) during the billing period. To calculate the demand portion of the bill, multiply the demand charge by the peak demand (in kW) indicated on the bill.

$$\begin{aligned} \text{Demand Charge} &= \$14.03 \text{ per kW} \times 25 \text{ kW} \\ &= \$350.75 \text{ demand charge} \end{aligned}$$

(continued on back)

**FOR MORE INFORMATION
ABOUT UNDERSTANDING DEMAND CHARGE AND
DEMAND METERS,
contact us at 512/494-9400.**



PEAK DEMAND

Peak demand is the maximum amount of electricity required by a facility at any one time during a billing period. It is measured on the meter in kW and is set back to 0 after each reading. Peak demand appears on the bill as Demand Usage and is charged at a rate of \$14.03 per kW in the summer billing months of May through October and \$12.65 per kW in the winter billing months of November through April.

The demand portion of the rate offsets the costs associated with meeting Austin Energy's power generation requirements. This includes transmission and distribution equipment. Austin Energy must have enough electricity generated at all times to meet customer demands. The more electrical equipment being used at any one time and the higher the wattage of that equipment means the higher the peak demand for electricity.

HOW TO READ A DIGITAL DEMAND METER

Digital demand meters have a display that alternates between the peak kW demand, the energy consumed (kWh) and a test screen (see Figure A). The peak kW reading will always have a decimal (for example 00.71 in Figure B). The kW is reset to 00.00 after each monthly reading is taken by the meter reader and reset seals of alternating colors are attached to the reset hand. The kWh read displays five digits and will never have a decimal (for example 4529 in Figure C). The kWh read is accumulative, like the odometer of an automobile. The previous reading is subtracted from the current reading to determine the actual usage.

Some meter readings require a meter multiplier to determine the actual demand value and/or the total kWh consumption. This "multiplier" is displayed on the face of the meter and is usually preceded by an X (example, X 40). In the case of a meter multiplier, the kWh (current minus previous) and kW reads would be multiplied by the multiplier to determine the total kWh and kW billed. Example: 00.71 (kW read in figure B) multiplied by 40 (meter multiplier) = 28.4 kW billed.

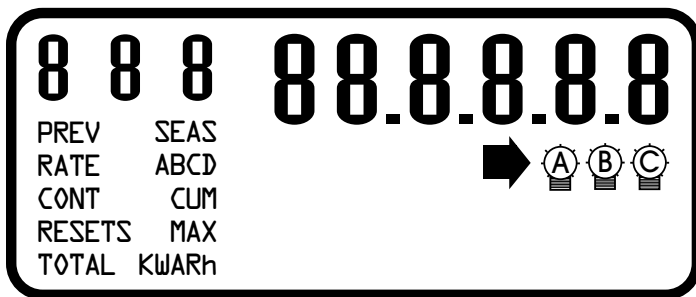


Figure A:
Digital Demand Meter, Test Screen

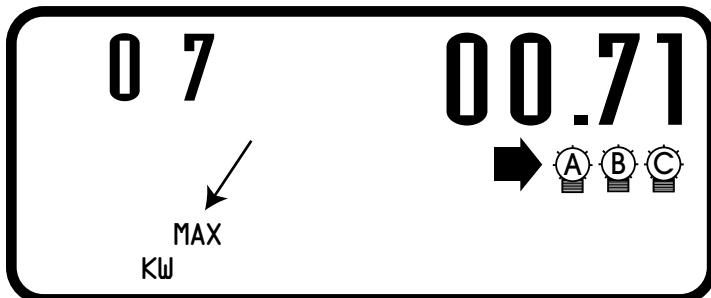


Figure B:
Digital Demand Meter, kW Peak Reading

(continued on next page)

For more information about understanding load factor, contact us at 512.494.9400.



HOW TO READ A DIGITAL DEMAND METER (CONTINUED)

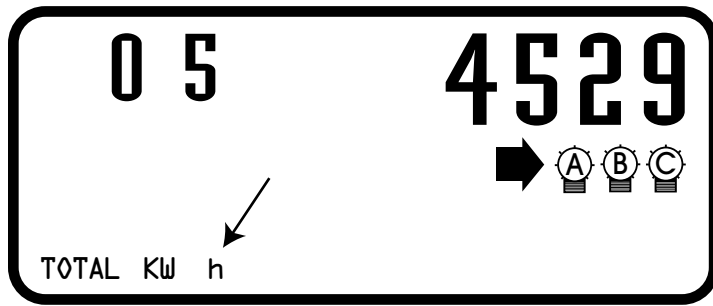


Figure C:
Digital Demand Meter, kWh Reading

SOME TIPS FOR LOWERING YOUR DEMAND:

- Minimize the simultaneous operation of high-wattage equipment, and consider alternate cycling of air conditioning compressors and air handlers. Avoid concurrent operations when possible, if you have multiple HVAC (heating, ventilation, and air conditioning) systems.
- Have HVAC equipment inspected and serviced, if necessary, so that your system runs with maximum efficiency.
- Turn off lights, personal computers, copiers, etc. when they are not being used for extended periods of time. This will help control the amount of heat emitted by these appliances, reducing runtime for your AC unit.
- Install energy-saving, high-efficiency and low-wattage lighting.
- Consider the installation of solar screens and film on windows facing east, west or south.
- Take advantage of Austin Energy's conservation and rebate programs.

For more information about understanding load factor, contact us at 512.494.9400.

