

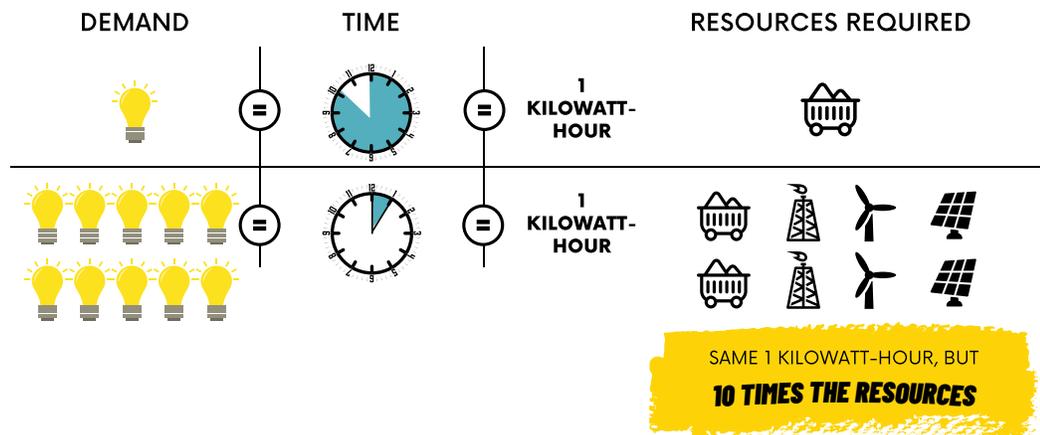
Beginning in March 2022, Grand Valley Power will begin to charge a demand rate to all commercial small power members. The rate structure breaks apart the traditional blended flat rate to include an energy charge and a demand charge component. The following information will help members better understand demand as it relates to their energy use.



Simply put, **energy** is the amount of power you consume over time (measured as kilowatt-hours or kWh) while **demand** measures the amount of power needed to supply everything running off electricity in your home or business at a specific point in time (measured as kilowatt or kW).

For example: The energy needed to power one 100-watt light bulb for 10 hours is the same as the energy needed to power 10 100-watt bulbs for one hour. However, more resources are needed to power all 10 light bulbs at the same time.

WHAT IS DEMAND?



The unit cost of demand (kW) is always much higher than the unit cost of consumption (kWh). Consumption is typically charged at a few cents per kWh. Demand is usually charged at a few to several dollars per kW.

WHY CHARGE A DEMAND RATE?

Historically, commercial small power demand has been included and paid for as part of the kilowatt-hour charges (kWh) that each member receives. The more information members have as to how they are using the power they pay for, the more ability they have to control those costs and reduce their expense. The need for the change is due to several factors including:

- Rebalancing of rates to ensure fair and equitable costs among all classes.
- Clean energy compliance causing higher power costs.
- Increased operating costs, including materials, transportation, and labor costs.
- Modernization of our rate structure to meet evolving member needs.

A 7.85% rate increase will be effective with the March billing cycle for all commercial small power under the following rate class: Commercial Small Power (CSP-1). This new rate class will also include a demand charge and is now known as Commercial Small Power - Demand (CSP-D). Bill impacts will depend on how you use electricity. Demand will be reflected in bills received starting in April 2022.

HOW DEMAND WILL AFFECT YOUR BILL

Electricity pricing effective with March energy use (billed in April 2022):

ENERGY

9.85¢/kilowatt-hour (kWh)

DEMAND

\$5/kilowatt (kW) x Maximum Demand

The pricing shown represents total energy cost. This does not include other charges like the grid connectivity charge.

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.

Understanding Demand

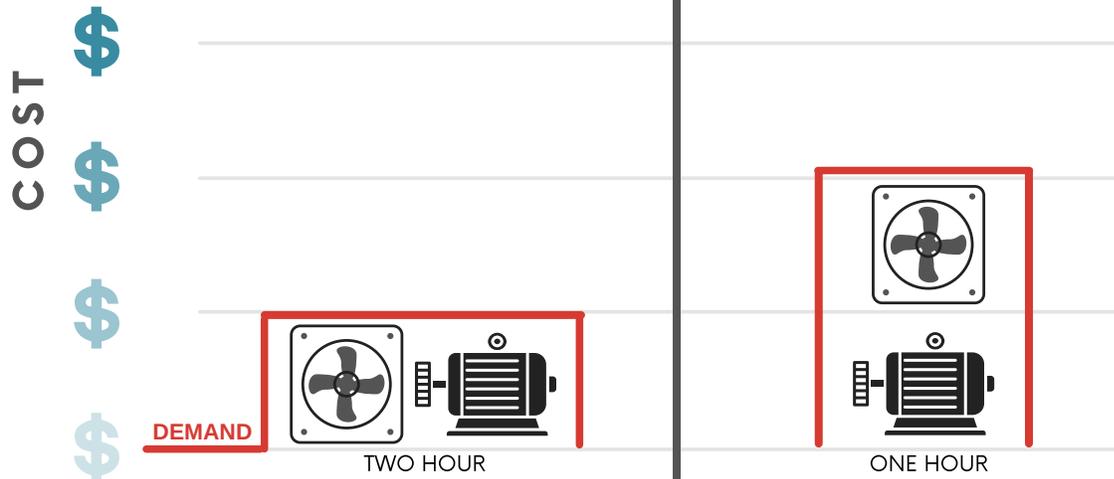
As more equipment in your home or business run simultaneously, your demand for power increases. The members in the following example use the same amount of energy (kWh) to run their appliances, but each member is putting a different demand (kW) on the electric grid.



Nikki: Nikki runs the air conditioner for one hour. Then she starts a load of laundry the next hour.



Roger: Roger runs the air conditioner and starts a load of laundry at the same time.



Average Appliance Use (60 min. runtime)
Air Conditioner: 3,000 Watts = 3 kWh/3 kW
10 HP Motor: 7,000 Watts = 7 kWh/7 kW

Nikki
Energy: 10 kWh
Demand: 7 kW

Roger
Energy: 10 kWh
Demand: 10 kW

You will benefit the most when you can stagger the equipment you use. To reduce demand charges, simply examine your operation.

- What energy-efficiency improvements can be made?
- Does all of the equipment need to be running at the same time?
- Can you adjust the time you use appliances or equipment during the day or night?
- If not, what can be turned off while other equipment is running?

Maximize your savings by using these appliances during different times of the day, rather than all at once.

Copy/Print Machine



Conveyor



Heating & Cooling



Compressors



Lighting



Pumps



Computers & Laptops

