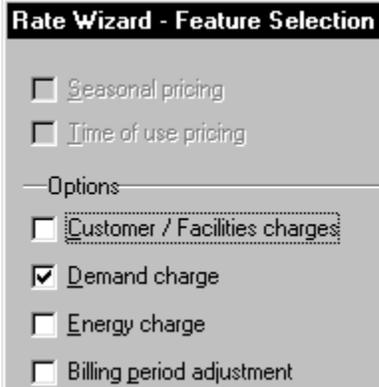# Rate Wizard Demand Charge Option

Demand charges are typically based upon a cost per unit of peak demand. Demand is recorded as a series of peaks, usually taken every 15 minutes.
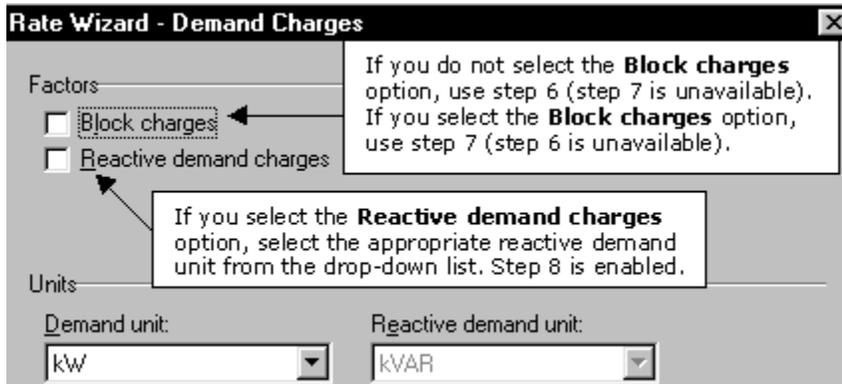
Demand readings are like a speedometer that moves up as you increase speed and stays at its highest point. Every 15 minutes this highest point is recorded then the speedometer is reset. The highest recorded peak every month is known as the peak demand.

1. In the **Rate Wizard - Feature Selection** page, select the **Demand charge** option. This allows you to enter a cost per unit for demand.
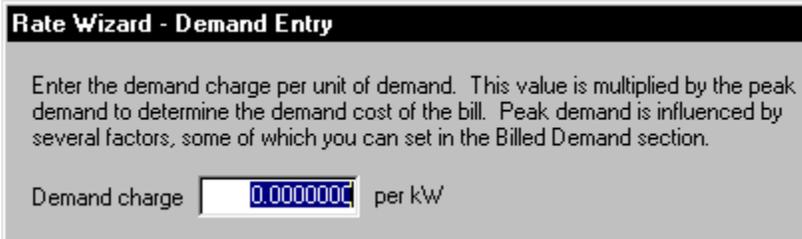


1. In the **Rate Wizard - Demand Charges** page, select the appropriate demand unit from the drop-down list (only existing unit types appear).



1. If the demand charges are not in blocks, use step 6 (step 7 is unavailable).
2. If the demand charges are in blocks, select the **Block charges** option. Use step 7 (step 6 is unavailable).
3. If reactive demand is part of the rate you are creating, select the **Reactive demand** option.

   - Select the appropriate **Reactive demand** unit from the drop-down list. Step 8 is enabled.
4. In the **Rate Wizard - Demand Entry** page, enter the cost per unit of demand (non-block charges). All kW of usage will be charged this amount.



1. In the **Rate Wizard - Demand Block Charges** page, enter the cost per unit of energy (block charges) and define the block size and cost per unit per block.

**Rate Wizard - Demand Block Charges**

Demand block charges:

| Block | Size (kW) | Amount ($/kW) | Flat Fee |
|-------|-----------|---------------|----------|
| Block 1 | 5 | 0 | ☐ |
| Block 2 | 999999999 | 5.65 | |
| Block 3 | | | |
| Block 4 | | | |

The final block size is "999999999", set to a number which is not expected to be reached (in effect, working as **all remaining usage**).

Utility companies often list demand charges as, "$5.65 per kW of demand over 5 kW" (the cost per unit will change of course).

You can define this by setting the first block to $0.00 $/kW with a step size of 5.

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**Rate Wizard - Demand Block Charges**

Demand block charges:

| Block | Size (kW) | Amount ($/kW) | Flat Fee |
|-------|-----------|---------------|----------|
| Block 1 | 5 | 20.00 | ☑ |
| Block 2 | 999999999 | 5.65 | ☐ |
| Block 3 | | | |
| Block 4 | | | |

The final block size is "999999999", set to a number which is not expected to be reached (in effect, working as **all remaining usage**).

Select the **Flat Fee** option if the amount value is applied to a demand block as a fixed fee. Flat fees apply when a tariff states, "$20.00 for the first 5 kW of demand."

If 2 kW of demand is registered, $20 is charged, likewise if 5 kW of demand is registered, $20 is charged.

1. In the **Rate Wizard - Reactive Demand** page, enter the reactive demand charge.

**Rate Wizard - Reactive Demand**

Reactive demand charge(s):

| 0.0000000 |

1. In the **Rate Wizard - Billed Demand** page, you can enter rate minimums, monthly ratchets, and seasonal ratchets.

## Rate Wizard - Billed Demand

☐ Rate minimum: [          ] kW

☐ Monthly ratchet

    [0 ⇅] % of the maximum demand from the last [1 ⇅] month(s)

☐ Seasonal ratchet

    [0 ⇅] % of max demand from ☐ Jan / ☐ Feb / ☐ Mar / ☐ Apr / ☐ May over the last [1 ⇅] year(s)

1. Select the **Rate minimum** option (if applicable) to enter rate based (not contractual) demand minimums.

   - Enter the rate based demand minimum.

2. Select any applicable ratchets.

Ratcheting is the term applied to the utility company practice of using a historical (from previous months or years) peak demand when creating an account's bill. Often, only a percentage of a ratcheted demand applies. Comparisons are made to the current month's peak demand and, for example, 80% of the historical peak demand over the past year.

Example: A one year 80% ratchet will look for the highest demand reading for the current month and 80% of the 11 previous months. If this month's, the month of May, peak demand is 120 kW but a demand of 200 kW was recorded last December, this month's billing demand should be 160 kW, 80% of December's peak demand.

- **Monthly ratchet** allows you to enter the percentage and the past number of months to evaluate maximum demand.
- **Seasonal ratchet** allows you to enter the percentage, select specific months to which a ratchet applies, and how many years back to evaluate those months.