

Demand Charge

A **Hidden Fee** that may **DOUBLE** your Energy Bill



What is a Demand Charge?

Businesses don't use electricity in the same pattern throughout the day. When they open, they put on lights, computers, air conditions, some machinery and so on. They may use more power at a certain time of the day, or when they turn their ACs during hot summer days or when they operate heavy equipment. Since utility companies must be able, and ready, to supply such additional power when needed, they charge an extra fee to cover their cost of offering this service. This fee is called, Demand Charge (sometimes referred to as a **Network Demand Fee**).



Does my business pay Demand Charge?

Every Commercial customer's monthly energy bill is made of two parts:

- The first part is regular energy charges, that is total energy charges for the month, including the charge for actual electricity units plus connection fees, fees imposed by state and local authorities, and, of course, Taxes.
- The other charge on the monthly bill is a little more complicated. It's what's known as a *Demand Charge*. This charge may make up to 50% of the energy monthly bill alone, depending on the pattern of which you use your monthly energy!



Usage

On peak
Mid peak
Off peak



9370 kWh
3552 kWh
45726 kWh
58648 kWh



Avg. cost

x \$0.12532
x \$0.11576
x \$0.08588



Total cost

\$1,174.24
\$411.17
\$3,926.95



\$5,512.36 Energy Charges
\$5,286.89 Demand Charges
\$1,647.50 Other credits/charges
\$12,446.75 Total

Costs are rounded and include delivery and generation charges. During season or price changes, averages are used. To view all charges and credits and to calculate your bill, refer to **Details of your new charges**.

Summer season demand (kW)

Your maximum demand reached this billing period is 134 kW
Your maximum threshold demand is 200 kW

Maximum Summer demand reached by price period :
On peak 125 kW 08/18/20 04:00pm-04:15pm
Mid peak 118 kW 08/15/20 04:00pm-04:15pm
Off peak 134 kW 08/18/20 02:00pm-02:15pm

To view your demand charges, please refer to the **Details of your new charges**.

How do utility companies calculate Demand Charge?

Demand Charge is calculated by dividing every day (24 hours) into 96 periods of 15 minutes each; then calculate the energy consumption in each period separately. So, within one month you will have a 2,880 Demand period. (30 days x 24 Hours x 4 periods per hour). The 15-minute period that has the highest power consumption is considered the base of calculating the Demand Charge for that specific bill cycle.

However, utility companies offer a demand level allocation for every business user, different from user to user, and charge Demand Fees when the allocation is exceeded.

Here's an example: Let's say a utility company charges \$10 per kilowatt per month for Demand Charge, and a business' peak 15-minute increment usage was 57 kilowatts. In this instance, \$570 in-demand charges will be billed. This demand charge then gets tacked onto standard energy charges and other fees and taxes.

Company A			
Billing Element	Meter Reading	Rate	Charge
Energy Usage	60,000 kWhr	\$0.06/kWhr	\$3,600
Demand Charge	200 kW	\$13/kW	\$2,600
Total Charges			\$6,200
Company B			
Billing Element	Meter Reading	Rate	Charge
Energy Usage	60,000 kWhr	\$0.06/kWhr	\$3,600
Demand Charge	490 kW	\$13/kW	\$6,370
Total Charges			\$9,970

Do businesses pay Demand Charges if they have Solar Systems installed?

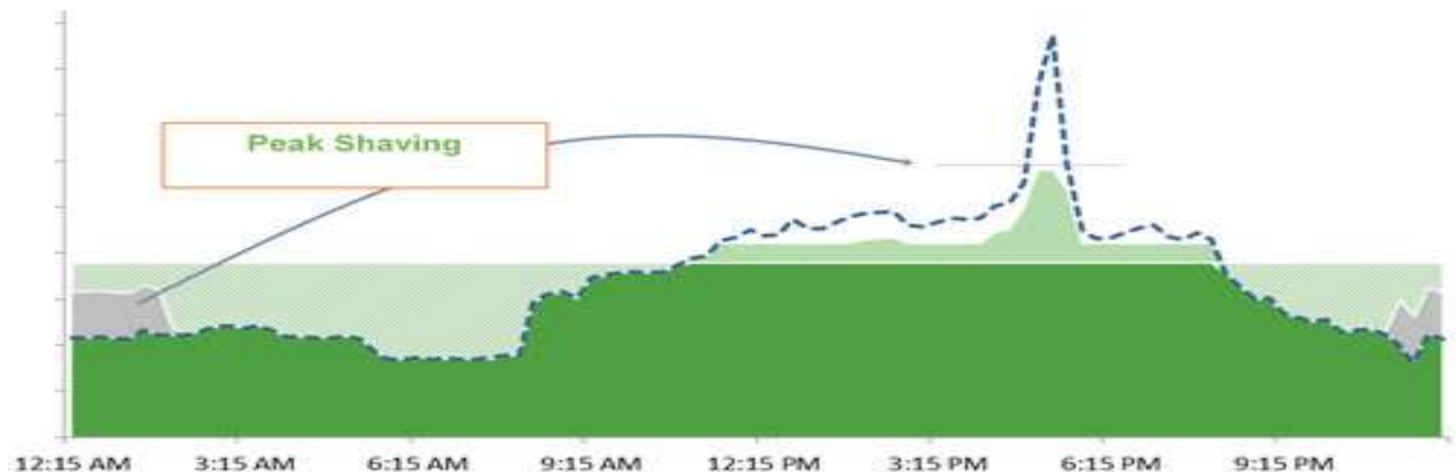
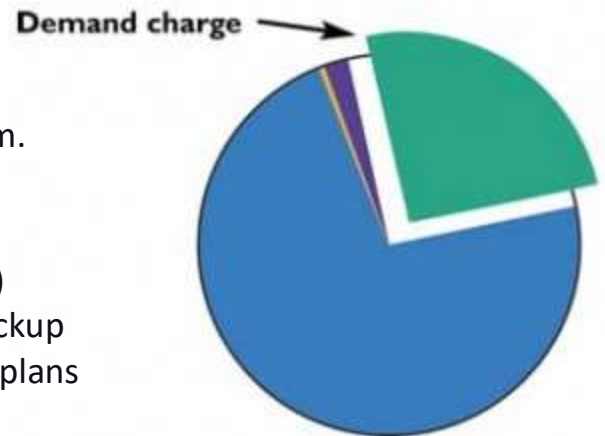
If a business has a solar system installed and are using a lot of electricity (over the baseline) when the solar system isn't producing, say before the sun comes up, after the sun goes down, or on a really rainy day, then needed electricity is supplied from the utility company and not the solar system, and hence it counts as usage from the grid and will be charged as the basis for the Demand Charge accordingly.

Who needs Demand Charge Control?

All businesses need to mitigate their demand charges to eliminate them or, at least, bring them to a bare minimum.

How can I reduce the Demand Charge?

Demand Charges Control (frequently called Peak Shaving) can be reduced in various ways including the usage of Backup Batteries and implementing equipment operation timing plans to avoid a higher amount of usage at one time.



First Energy Systems can propose and implement a plan to reduce or eliminate the Demand Charge. We can supply needed pieces of equipment and offer different business models to cover the cost of needed systems. Multiple Federal/State/and local tax credits and incentives are also available to entice Businesses to implement Demand Control solutions.

Buy, Lease, or Share Savings

Depending on the type of your business and the amount of power it uses, First Energy Systems can offer a plan to supply the needed pieces of equipment to control your business Demand Charges. Options range from buying the necessary Battery Backup systems to supplying different



software packages and special sensors and operation switches. The same can be leased or we can even share the savings with your System.

Why First Energy Systems?

First Energy Systems guarantees the lowest cost of ownership by:



Innovative In - House Financing

Including in-house long-term funding, NonProfit Organization project funding and a suite of leasing options to accommodate even the most challenging clients' need.

Extensive Industry - Wide Alliance

Allows our clients to enjoy the unmatched experience of best of breed subcontractors, partners and, affiliates. Vertical Experience in specific critical operations is one among the many qualities we proudly offer.

Out of The Box Design

Being technology agnostic, First Energy Systems out of the box design approach; permits exploring multiple technologies to offer the best solutions to meet owners' and investors' specific energy requirements.

Buy - Back Guarantee

Our Unique, Industry Only, No-Risk, No-Questions asked, solar system BUY-BACK GUARANTEE program, further enhance our strength and set us apart from our competitions!



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Hotels



Gas Stations



Convenient Stores



Supermarkets



Business Bldg.



Parking Lots

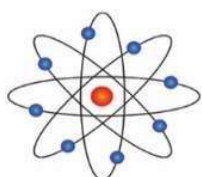


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