

## Understanding Demand & Demand Charges

For Commercial, Industrial, and Irrigation Members

### What is Demand?

“Demand” is the total amount of electricity being used by a consumer at any one time. Demand varies from hour to hour, day to day, and season to season. This usage, which is expressed in kilowatts (not kilowatt-hours) is called the “demand” on the system. Agralite Electric Cooperative monitors demand over a 15-minute period. The member is charged for the highest 15-minute average recorded on the demand meter. After Agralite reads the meter each month, demand is reset to zero and the meter starts over, recording the highest 15-minute average for the next billing period.

### What is Demand Charge?

Demand charge is based on each member’s maximum 15-minute demand on the cooperative’s distribution system each month. Demand is measured in kilowatts (kW). Members are billed according to kW of demand for their rate.

To illustrate how demand charge can affect an electric bill, let’s look at two simple examples:

#### Example 1:

Running a 20 kW load continuously for 50 hours would result in usage of 1,000 kilowatt hours (kWh) and accrue a demand charge of 20 kW.

$20 \text{ kW} \times 50 \text{ hours} = 1,000 \text{ kWh}$

Demand = 20 kW

#### Example 2:

Running a 2 kW load for 500 hours would also result in usage of 1,000 kWh but would only accrue a demand of 2 kW.

$2 \text{ kW} \times 500 \text{ hours} = 1,000 \text{ kWh}$

Demand = 2 kW

Both examples use the exact same amount of energy (1,000 kWh) and perform the same amount of work. However, the resulting bill will be very different.