

Communicating to fight demand charges





Quick review: what is a residential demand charge?

It's an unpredictable fee on residents' electric bill every month. It's based on the 15-minute or one-hour period during the month when they use the most electricity, and can end up tying 60-80 percent of the total monthly bill to this one brief period.



How do utilities try to frame demand charges?

Necessary to cover system and grid costs for handling peak hours – a way for customers to save money by managing electricity use and also deal with expansion of rooftop solar.



How can we frame demand charges?

A punishing mandatory charge that can skyrocket residents' monthly bills – hitting families and seniors on tight budgets really hard, and discouraging people from saving energy or choosing solar.

1 **de·mand** \di-'mand\ *n* (13c) **1** **a**: an act of demanding or asking e
with authority **b**: something claimed as due **2** *archaic*: QUESTION
a: willingness and ability to purchase a commodity or service **b**:
quantity of a commodity or service wanted at a specified price and t
4 **a**: a seeking or state of being sought after (in great ~ as an en
tainer) **b**: urgent need **5**: the requirement of work or of the ex
diture of a resource (equal to the ~s of the office) (oxygen ~ for w
presentation and request for paym

Language matters

They say:

a "rate"

demand rates

We say:

a "charge"

mandatory demand charges

a scheme / a fee / a gotcha



Message: A punishing fee that can skyrocket monthly bills; a “gotcha”

- It could happen when someone is vacuuming and the electric water heater kicks on while the microwave is used. That’s when you’re suddenly hit with a big extra charge based on those few minutes of your one-time highest electricity use in a month, even though you had little way of knowing it was happening.
- In Arizona, a business reporter who experimented with demand charges found that the extra fee on a home’s bill could reach as high as [\\$200 a month](#).



Message: Very harmful for seniors and families on budgets; unpredictable, utility takes control from consumer

- For a smaller home that uses a modest amount of electricity, an extra fee for a highest use moment in a month can end up being a big new cost, a big share of the bill. And once it hits, there's no reset.
- For anyone living on a budget, predictability is key – and mandatory demand charges are just the opposite. They can easily blow a hole in a monthly budget, and that can lead to dangers like foregoing heating or cooling, or service disconnects. Many people lack the ability, flexibility and technology necessary to try to control peak use.



Message: Discourages energy-saving and solar

- Mandatory demand charges mean families' energy bills are no longer set primarily based on how much energy they use. Even if you conserve all month, one slip-up for a few minutes and you're punished with a charge that can skyrocket your bill anyway. Instead of punishing residents with a gotcha billing scheme most people can't respond to, the utility should improve support for energy-saving approaches that work for everyone – upgrades like weatherization, insulation, appliances.
- Many residents who invest in solar do so for the control it gives them to reduce their electric bill, and demand charges for a brief moment of high use can slap a solar owner with a high electric bill even if they use very little energy from the power company overall. The power rooftop solar adds back to the grid or offsets is beneficial to all over time. The utility should be working to facilitate rather than chill people's ability to invest in solar.



Message: Another way for the power company to make more money no matter how little energy people use; no relationship to the cost of the grid as a whole

- Utility system costs aren't driven by individual residents' moments of maximum electricity use. That's because residents and small businesses are very diverse in when we use the most electricity, which smooths out residential demand as a whole.
- So demand charges on residents are a scheme for the power company to make money and discourage efficiency and solar, not a rate design that's justified based on actual utility system costs.

A red, rectangular stamp with a distressed, ink-like texture. The word "DENIED" is written in bold, uppercase, sans-serif letters across the center of the stamp. The stamp is tilted slightly clockwise.A second red, rectangular stamp, identical in style and content to the first one, featuring the word "DENIED" in bold, uppercase, sans-serif letters. This stamp is also tilted slightly clockwise.

Message: Rejected everywhere

- Demand charges have been proposed about a dozen times so far by investor-owned utilities – and rejected by utilities commissions or withdrawn by utilities in every case.
- They've never been approved for an investor-owned utility in the U.S.



Quotes from 2016 news coverage, for inspiration

- “It’s like having the worst gas-mileage rate your car gets in a month, and then charging you a fee based on that.”
- “It’s time for the utility to take their customers into consideration more than their pockets.”
- “A scheme to make money off the backs of regular people.”
- “I’m on a fixed income. I want a bill based on the electricity I use, not on an arbitrary scheme cooked up by a monopoly.”



Quotes from 2016 news coverage, for inspiration

- “The most unpredictable rate structure there is.”
- “They’re confusing. They’re difficult to plan for and can cause our utility bills to skyrocket.”
- “The company says they can’t do without raising rates. I can’t call Social Security and say ‘send me two checks this month, because I can’t make do without a raise.’”
- “The bottom line is mandating residential demand charges when there is no relationship between individual customers’ peak demand and the cost of the grid as a whole is an unnecessary move.”

BOWLING GREEN DAILY NEWS

“The coincident peak demand charges are so outrageous customers report going to extreme measures to avoid these excess charges, including traveling between work and home five or six times a day to adjust their thermostats or appliances, and elderly customers turning off their air conditioning and staying in their homes, even after temperatures reach 92 degrees; yet their bills continue to rise.”

- Letter from Kentucky Attorney General Andy Beshear, urging the Glasgow Electric Plant Board – a municipal utility – to immediately return to its old electric rate structure given huge problems with its demand charge. [Bowling Green Daily News](#), August 25, 2016

Chicago Tribune

“...skyrockets energy prices for working families and fixed-income seniors” ...
“insane.”

- Memo from Illinois Republican Gov. Bruce Rauner's Administration regarding a portion of legislation that would allow utility companies ComEd and Ameren to shift to demand charges.
[Chicago Tribune](#), November 22, 2016

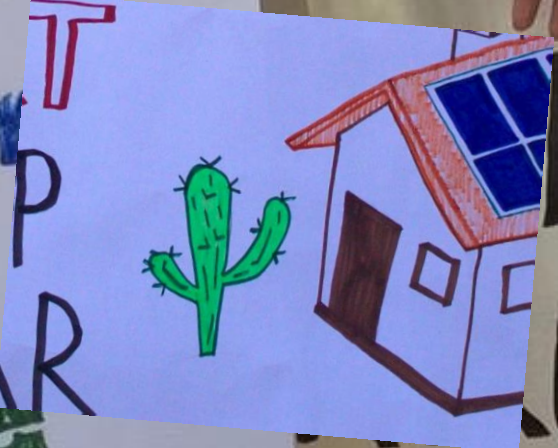
UTILITY DEMAND CHARGES
ON RESIDENTS

a **another**

Punishing

Scheme

APS - ROBBING
THE POOR TO
GIVE TO SHARE-
HOLDERS



Jeff Cappella
jeff@resource-media.org