

# **Understanding Demand:** How it Affects Your Bill

In the context of your electric bill, **demand** refers to the maximum amount of electricity you use at any given point during the billing period. It's different from your overall energy consumption, which is simply the total amount of electricity you use over time.

The rate classes that are charged for demand are Small Commercial, Large Commercial, Small Agriculture, Large Agriculture, Large Commercial/Light Industrial, General Service>25, School Rate and IPHLF.

## How Does Demand Impact My Bill?

The graphic below illustrates the difference between energy consumption and demand using two cars:

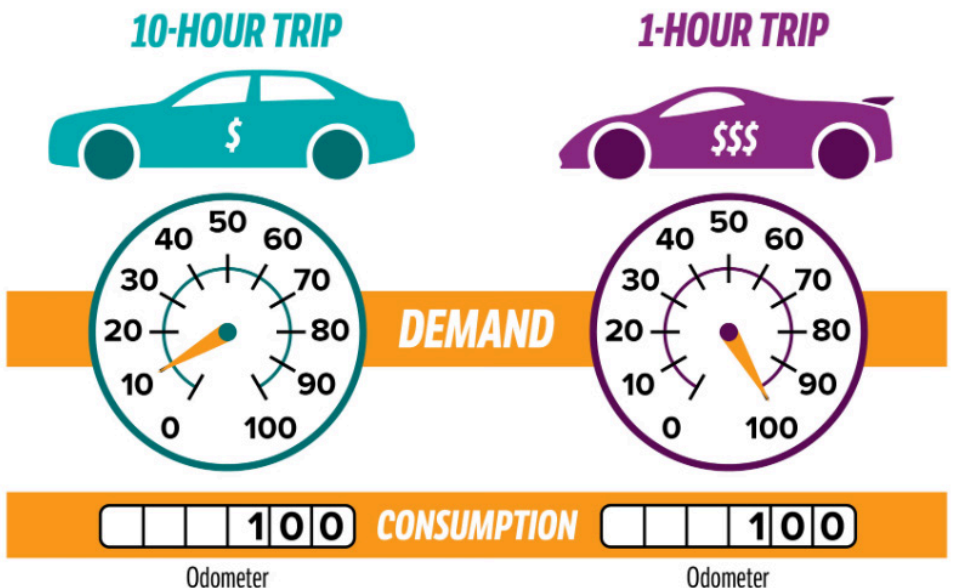
**Car 1:** This car drives for 10 hours, using a steady amount of energy throughout the trip. In this analogy, the speedometer reads 10 (this is the demand.) The odometer reads 100 (this is the consumption.)

**Car 2:** This car drives for only 1 hour, but at a much higher rate of speed. The speedometer reads 100 (this is the demand.) The energy consumed, however, is still 100, as shown on the odometer.

While both cars use the same total amount of energy (100), **Car 2** has a higher peak demand. In electric utility terms, demand is measured in kilowatts (kW), and utilities like Henry County REMC are charged based on the peak demand during the billing cycle. *The higher your peak demand, the more it may cost you.*

## Why Does Demand Matter?

Electric cooperatives, such as Henry County REMC, work with suppliers like Hoosier Energy to meet the peak demand of all members. When everyone uses a lot of power at the same time, the cooperative then needs to purchase more capacity to meet that demand. This can be more expensive than providing a steady, consistent level of electricity. Your bill reflects not only the total amount of energy consumed (your usage) but also the *highest level of electricity used at one time* during the billing cycle (demand).



## How Can I Lower My Demand?

By using energy more evenly throughout the day (avoiding high-usage periods), you can help reduce your peak demand. This can lower your cooperative's overall costs, as well as your own.