



# SA Power Networks

## Agreed Demand Tariff

### Definitions

#### LV/HV

Business Agreed Demand tariff

#### Demand

The demand (in kVA) that a customer places on the network. This is based on half hourly average data from interval meters.

#### Augmentation

Upgrade of the distribution network capacity in order to meet new or additional customer demand. This often involves upstream works to supply the customer.

#### Annual Agreed Demand

The highest demand either requested by the customer or recorded during the Annual Demand period – 12noon – 9pm on work days between November and the end of March (excludes public holidays).

#### Anytime Agreed Demand

The highest demand either requested by the customer or recorded outside of the Annual Demand period.

#### Additional Demand

Additional Demand is the difference between the Anytime Demand and the Annual Demand (Additional Demand = Anytime Demand – Annual Demand).

#### kVA

Kilo-volt-amps: units of electrical power demand.

#### kWh

Kilowatt-hours : units of electrical energy use.

For further information contact:

SA Power Networks on 13 12 61

[www.sapowernetworks.com.au](http://www.sapowernetworks.com.au)

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### Background

Your electricity bill has several components, including the costs for your retailer to manage your account and purchase energy from generation sources; the costs of government-initiated energy programs; and the 'network charges' associated with delivering electricity to you via the transmission and distribution networks.

SA Power Networks manages South Australia's electricity distribution network – the 'poles and wires' that deliver electricity to more than 845,000 homes and businesses in our State. The costs of our distribution services, plus transmission charges from ElectraNet who provide the long-distance high capacity power lines in the State, and also the State Government's Feed in Tariff (FiT) Scheme, form the 'network charges' section of your electricity bill.

What customers pay for network charges is determined by a number of factors, including their electricity consumption, connection voltage, load profile, and the structure of their *electricity tariff*.

### About the Agreed Demand Tariff

This fact sheet has been developed for customers on the **Agreed Demand Tariff** (formerly referred to as a Stepped Demand Tariff). Customers on this tariff are charged in a way that reflects their individual *maximum electricity demand* on the State's distribution network, particularly during the *peak usage times of 12noon to 9pm from November through to the end of March*, local time (see graph below). A customer's peak demand during this period largely drives the network investment required to supply their electricity. By charging customers in this way, we

can ensure customers pay a fairer share based on how they use the network. Such tariffs also encourage customers to use the network as efficiently as possible.

The tariff provides for two demand periods:

#### 1. Annual Demand Period

This is any half hour period between 12noon and 9pm (local time) on work days, between November and the end of March.

#### 2. Anytime Demand Period

This is any half hour period outside of the Annual demand period.

Note: Weekends and Public holidays are not considered work days and therefore are exempted from the Annual peak demand period.

Customers on the Agreed Demand Tariff will be subject to demand charges based on the *agreed demand* in the annual or anytime demand periods. The agreed demand is fixed and will only be changed if:

- A request is received from the customer (see details over page); or
- The recorded demand at your site exceeds the agreed demand over any half hour period. This will reset your agreed demand at your site to this new higher level.

Any changes in agreed demand apply to customers for a minimum of 12 months.

A customer's level of demand is determined by how much electricity they require over a half hour period, so using more electricity, for example motors, lights and appliances at the same time, results in higher demand on our network and higher demand charges.

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
1:00							
2:00							
3:00							
4:00							
5:00							
6:00							
7:00							
8:00							
9:00							
10:00							
11:00							
12:00	<b>Agreed Annual Demand Period (November - March, local time)</b>						
13:00							
14:00							
15:00							
16:00							
17:00							
18:00							
19:00							
20:00							
21:00							
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23:00							
0:00							



Customers will also receive an energy charge at a flat rate per kWh. Refer also to 'How are costs calculated?' below.

### **Why does one 30 minute period set my agreed demand for the whole year?**

In order for the network to be able to deliver a customer's maximum demand, there needs to be sufficient capacity available in the poles and wires. When a maximum demand is reached it could be reached again, so we must secure this capacity in the network for that customer to ensure we are able to provide supply in the future. The secured capacity drives the network cost to supply that customer.

### **How do I know what my Annual Demand level is?**

There should be a section on your electricity bill for 'network charges' that indicates 'kVA demand' or similar. In this section the Annual and Additional demand should be shown. If this is unclear on your bill, you will need to contact your retailer.

### **How do I obtain a Demand increase?**

If you require an increase in your demand as a result of an upgrade you are considering or undertaking, your consultant or electrical contractor should contact our customer solutions group. For more information please visit [sapowernetworks.com.au/quotationrequest](http://sapowernetworks.com.au/quotationrequest).

### **How do I obtain a Demand reduction?**

A demand reduction must be requested in writing via your retailer. Before submitting a demand reduction request you must consider the impact this may have now and in the future. Once a demand reduction has been processed the demand levels are reset to what you indicate in writing. This means the capacity you had previously has been given up and may be utilised elsewhere in the network. It does not remain available to you. If you wanted to increase your demand in the future, whether planned or for instance due to extreme hot weather, you may be required to help cover the cost of the augmentation required for the network.

If your demand is lowered and you breach this level within 12 months of the change, you will be back-billed for the additional amount of demand over the lowered value. Even after the 12 month period of the demand change occurring, if you breach the new demand you may incur augmentation costs.

For example, a customer may have an agreed demand of 450kVA and requests that the demand be lowered to 350kVA. After eight months from the date of the demand change, the customer breaches the new 350kVA demand and records a demand of 400kVA. In this case, the customer would be back billed for 400kVA for those eight months and from that date forward have their annual demand set to 400kVA. If that extra capacity had been allocated to other customers, an augmentation cost may also be incurred.

For more information please visit [sapowernetworks.com.au/demandchangerequest](http://sapowernetworks.com.au/demandchangerequest). Note your retailer must submit the Tariff change request form. You can also find out more in our *Network Tariff and Negotiated Services manual*, available at [www.sapowernetworks.com.au](http://www.sapowernetworks.com.au).

### **Why does peak demand matter?**

Everyone expects to have electricity when they turn on a power switch. Consequently, we have to build the network to cope with those moments of highest (peak) demand from customers, which usually occur in the late afternoon/evening on a few hot days in summer. This summer peak demand is a major driver of increased investment in the transmission and distribution networks. Some 25% of the network capacity we all pay for is used to meet peak demand during a few hours on just a few days a year.

We also need to ensure that the networks supplying business customers have adequate capacity for their daily peak, which typically occurs between 12noon and 9pm over the summer months.

### **Why is SA Power Networks requiring customers to use demand tariffs?**

We are currently transitioning large business customers to demand-based tariffs from traditional tariffs based almost solely on accumulated energy consumption. This is consistent with the direction set by the Australian Energy Market Commission (AEMC), which requires all electricity distributors to phase in cost-reflective tariffs.

With cost-reflective tariffs, the price customers pay for network services is more closely aligned to our cost to supply them — a cost that is largely determined by a customer's peak demand on the network rather than their cumulative energy consumption.

This approach should ultimately encourage customers to make more efficient decisions about their energy investments and energy use, particularly during peak periods, leading to better utilisation of the network, and in the longer term, lower electricity costs to the community overall.

### **How are the costs calculated?**

The Agreed Demand tariff has three key components: a supply charge, a demand component and an energy component.

The demand component is structured as blocks which fill up and then overflow to the next block if the demand is high enough. The energy component provides a comparatively low charge for the energy used at your site. All energy (peak and off-peak) will be charged at the same rate.

Each year the rates applied to these components are updated and can be found on our website under [Network tariffs](#) or by calling **13 12 61**.

### **Will installing solar panels or batteries allow my demand to be reduced?**

The installation of Distributed Energy Resources (DER: such as solar PV, wind turbines or battery storage) may impact the level of demand reached at your site, but may not be able to be relied upon to consistently lower your levels of demand. For example, if sunny days line up with peak demand days, then solar panels may enable the actual peak to be lower in those months. However, in other months, there may be cloud cover on peak demand days resulting in less energy generated by your panels and therefore higher demand on the network. Battery storage may enable a more reliable demand reduction, although this will be highly dependent on how your installer configures your system.

You should also be aware that any alteration to your site may result in a change to your tariff. For example, if you are currently a business customer with a multi-phase supply, an actual demand or agreed demand tariff will be required to apply to your site if you request an alteration.

### **More information**

If you require information about this tariff, please contact your retailer or view our *Network Tariff and Negotiated Services manual*, available on our [Network tariffs](#) page at [www.sapowernetworks.com.au](http://www.sapowernetworks.com.au).

### **What if I want clarification or don't agree?**

Where we have notified a customer of a tariff class assignment or reassignment, the customer may:

- request further information from us; or
- object in writing to the tariff reassignment to [customerrelations@sapowernetworks.com.au](mailto:customerrelations@sapowernetworks.com.au).

We will undertake best endeavours to provide relevant information and address your concerns. However, if for any reason you are not satisfied with our response, small (business and residential) customers may appeal to the Energy and Water Ombudsman SA (EWOSA). In the event an objection isn't resolved to the satisfaction of the customer, the customer can also seek resolution via the dispute resolution process available under Part 10 of the National Electricity Law (NEL). Large customers who are not satisfied with our response should refer in the first instance to the NEL dispute resolution process.

### **Disclaimer**

The use of the information contained in this informative fact sheet is at your sole risk. You should conduct your own analysis prior to making any decisions which impact your business. The information in this fact sheet is subject to change without notice. SA Power Networks, its agents, instrumentalities, officers and employees:

- Accept no liability for any use of the said information or reliance placed on it; and
- Make no representations, either expressed or implied, as to the suitability of the said information for any particular purpose.

The statements made in this fact sheet are also subject to any variations made by your retailer. You should also read the information which the retailer provides to understand how this tariff would work for you.