



# SA Power Networks

## Business Actual Demand Tariff

### Definitions

#### BD/SBD/HBD

Actual Demand Tariff

#### Demand

The demand (in kVA) that a customer places on the network. This is based on 30 minute 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.

#### Maximum Actual Demand

The highest demand recorded during either the shoulder or peak demand periods.

#### Shoulder Demand

The maximum actual demand recorded in any half-hour block between 12pm and 4pm on week days, all year round.

#### Summer Peak Demand

The maximum actual demand recorded in any half-hour block between 4pm and 9pm on week days between November and the end of March.

#### Off-peak Demand

The maximum actual demand recorded outside of the Peak and Shoulder Demand periods.

#### kVA

Kilovolt-amps: units of electrical power demand.

#### kWh

Kilowatt-hours: units of electrical energy use.

#### MWh

Megawatt-hours: units of electrical energy consumption.

For further information contact:  
SA Power Networks on 13 12 61

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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 Actual Demand Tariff (BD)

This fact sheet has been developed for customers on the **Actual Demand Tariff**. Customers on this tariff are charged in a way that reflects their individual *maximum energy demand* on the distribution network, particularly during *peak usage times* (see graph below). A customer's peak demand during these times 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 three demand periods:

#### 1. Summer Peak Demand Period

This is any half hour period between **4pm and 9pm** (local time) on work days, between November and the end of March.

#### 2. Shoulder Demand Period

This is any half hour period between 12noon and 4pm (local time) on work days, all year round.

#### 3. Off-peak Demand Period

This is any half hour period outside of the Peak and Shoulder Demand periods.

Note: Weekends and Public holidays are not considered work days and therefore are exempted from shoulder and peak periods.

### How is my actual demand measured?

Customers on the Actual Demand Tariff will be subject to demand charges based on their maximum actual recorded demand in the peak and shoulder periods since their last meter read. At the end of each meter reading period the maximum demands will reset to zero. 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 therefore higher demand charges. Customers will also receive an energy charge at a flat rate per kWh. Refer also to 'How are costs calculated?' on the following page.

### Where does this show on my electricity bill?

The Actual Demand Tariff applies only to the 'network charges' component of your electricity bill. Most retailers have this as a separate section on your bill indicating 'kVA demand' or similar.

	Mon	Tue	Wed	Thu	Fri	Sat	Sun
1:00							
2:00							
3:00	<b>Off-peak Demand Period</b> (all year round, local time)						
4:00							
5:00							
6:00							
7:00							
8:00							
9:00							
10:00							
11:00							
12:00	<b>Shoulder Demand Period</b> (all year round, local time)						
13:00							
14:00							
15:00							
16:00	<b>Peak Demand Period</b> (November - March, local time)						
17:00							
18:00							
19:00							
20:00							
21:00							
22:00							
23:00							
0:00							



Go online to report a power outage, search for outage information, receive SMS/email alerts about outages affecting your property, or report a street light fault.  
[www.sapowernetworks.com.au](http://www.sapowernetworks.com.au)

### **How do I know when my demands will reset to zero?**

Your electricity bill should show the billing period. This generally remains relatively consistent from month to month or quarter to quarter. For customers with type 4 meters, the period will be from the first day to the last day of each calendar month. It is at the end of each of these periods that your demands will reset to zero. If in doubt, please ask your retailer.

### **Why does summer 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 peak demand is a major driver of increased investment in electricity 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 peak, which typically occurs between 12noon and 9pm.

To use an analogy, it is like building a ten lane freeway - but with two lanes that are only required for one long weekend. If we can provide a worthwhile incentive to customers to moderate their demand during these rare peak times, then we can avoid or delay the need for those extra lanes. Some customers may be able to avoid these peak times completely.

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

We are currently transitioning business and residential 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 the network 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 encourage customers to make more efficient decisions about their energy investments and use, particularly during peak periods, leading to better utilisation of the network, and in the longer term, lower electricity costs to the community overall.

We are currently transitioning large customers to cost-reflective tariffs. Small business and residential customers will be considered in the next stage of the transition, however these customers can opt-in today to use these tariffs if they so choose. Depending upon their profile of energy usage and/or their ability to alter their profile to avoid peak periods, they may be able to reduce their electricity bill.

### **How can I manage my peak demand?**

The three demand periods will enable customers with flexible loads to use power at the lowest possible rate to *reduce their overall network charges*. For the months customers can not avoid the peak or shoulder periods, they will not be locked into this level of demand for the entire year, as all demands are reset to zero at the start of the next meter reading period, or monthly for type 4 meters.

### **Customers with seasonal loads – wineries, etc.**

Customers with seasonal loads may benefit from an Actual Demand Tariff, because the demand resets to

zero at the start of each meter reading period. We expect small to medium sized wineries will benefit as vintage is generally late in the summer peak demand months, and they will only be charged the peak demand rates in those months that the demand is required.

### **Irrigation and industry**

We anticipate irrigators will try to avoid the peak demand period by watering from 9pm to 4pm of the next day, providing them with 19 hours a day to pump water to their crops. If they can also avoid the shoulder period they have 15 hours each day to irrigate crops and can avoid demand charges altogether.

Small business with 'peaky' loads like furnaces and some injection moulding businesses may also try to avoid the peak and/or shoulder demand periods by not operating significant machinery during these periods.

Some offices and schools that effectively close before 4pm may be able to avoid much of the peak demand charge if they shut down their air-conditioning before 4pm.

### **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 or shoulder demands 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 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 (such as solar or battery installation).

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

The costs applicable for this tariff have three key components, being the Summer Peak Demand Rate, Shoulder Demand Rate and the Energy Consumption (usage) rate. Each demand period (Shoulder and Summer Peak) has a separate charge and they are billed monthly for the appropriate period. Some retailers may also show the supply and off-peak demand rates on your bill – even though they are zero.

Each year the rates applied to these components are Please note that the BD Actual Demand Tariff applies to customers for a minimum of 12 months.

### **More information**

For more information 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.