



Expense Reduction Through Peak Load Management

Turn Curtailment into Opportunity

Capacity charges ensure that there is an adequate excess supply of electricity to meet the highest levels of grid demand. Each year capacity charges may account for a considerable portion of your total supplier electric bill.

These charges are based on a facility's energy usage during a select number of peak usage hours during the previous year. Conscious management of your load and reducing your usage during these peak setting hours can in turn reduce capacity charges for the upcoming year.

What Is Peak Load and Why Does It Matter?

As a consumer of electricity from the grid, you pay for both the actual energy you consume (the kilowatt hours) and the amount of energy that needs to be available to serve your account based on your kilowatt demand (peak load, also called peak demand). The peak load on an electrical grid is simply the highest demand that has occurred over a specified time period. By making targeted adjustments to energy usage during these peak hours, your overall energy costs can be reduced over time.

How Is Each Peak Load Contribution Determined?

Your peak load contribution (PLC) is determined by your usage during the highest peak hours from the previous year. The hours during which the usage was the highest across the entire independent system operator (ISO) grid—not just your zone or utility—the "peak hours," vary regionally.

How Does Peak Load Management Work?

When considering energy management, it is not only imperative to focus on how much energy is used, but also when it is being used as this can affect your PLC. With our Peak Load Management Programs, Constellation leverages its wholesale market expertise and aims to predict peak grid hours. We then send day-ahead and day-of notifications, alerting you to the anticipated peak. This allows you to choose if you would like to curtail load or not—no obligation; it is completely voluntary.

What Are the Benefits?

Benefits are realized the following year when regional grid operators determine your share of capacity charges based on historical consumption during peak grid hours. In short, if you reduce consumption at peak hours this year, you'll be charged less next year.

- **Low-risk opportunity - Voluntary participation**
- **Transparency - Informational access into consumption patterns**
- **Active participation results in:**
 - For fixed capacity shared savings customers—a credit on your invoice during the year following your participation in the program
 - For pass-through capacity customers—a reduced peak load contribution (PLC) and therefore a lower monthly capacity charge the following year
 - For fixed capacity notification only customers—a reduced peak load contribution (PLC) and therefore a lower monthly capacity charge when a new contract is priced

How Does It Differ from Demand Response?

Both peak load management and demand response relate to curtailing energy demand at a given time. Demand response however is a program in which customers must respond to the utilities' requests when demand is too high and there is not enough energy to meet the grid's peak, reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives. Peak load management, on the other hand, is entirely voluntary.

How Do I Develop a Peak Load Management Plan?

We can help. Constellation's Peak Load Management Programs allow customers to reduce usage during peak setting hours—which in turn can reduce your capacity charges for the upcoming year. Constellation's peak management program is completely voluntary.

Contact Us Today

Turn curtailment into an opportunity. Talk to your Constellation Business Development Manager for more details on how to develop a peak load management strategy and reduce your load while saving your company money.

A Fortune 200 company headquartered in Baltimore, Constellation Energy Corporation (Nasdaq: CEG) is the nation's largest producer of clean, carbon-free energy and a leading supplier of energy products and services to businesses, homes, community aggregations and public sector customers across the continental United States, including three fourths of Fortune 100 companies. With annual output that is nearly 90% carbon-free, our hydro, wind and solar facilities paired with the nation's largest nuclear fleet have the generating capacity to power the equivalent of 15 million homes, providing about 10% of the nation's clean energy. We are further accelerating the nation's transition to a carbon-free future by helping our customers reach their sustainability goals, setting our own ambitious goal of achieving 100% carbon-free generation by 2040, and by investing in promising emerging technologies to eliminate carbon emissions across all sectors of the economy.

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