



Time-of-day rates, peak controls save \$\$\$

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Editor's note: TRC is pleased to republish this energy column from Phil Sprague that originally ran in our May/June '95 issue.

Almost every utility company in the United States has a serious problem: generating enough electricity for peak use periods. To resolve this situation they must either construct new generating facilities or encourage customers to use less energy during these peak periods. Although these peak periods may only occur 10 or 20 times per year (usually hot summer afternoons), most utility companies are implementing rates and incentive programs to reward businesses who restrict their peak usage.

Where to start

Call the local electric company and request that the representative assigned to the hotel immediately perform a utility rate analysis to confirm that the hotel is receiving the best rates available. It is best to put this request in writing, and do so annually. Specifically ask if there is a time-of-day (T.O.D.) rate available for the hotel. Ask if any other on-peak/off-peak incentives are available. The utility companies are normally very helpful with this process because it benefits both the utility and the customer. If any rate opportunities are available, request a one-year evaluation of what effect the new rate(s) will have on the hotel's costs.

How T.O.D. rates work

To bill by T.O.D. rates, the utility company divides the week into on-peak and off-peak periods. Monday through Friday from 9 a.m. to 6 p.m. are typically on-peak periods with the balance of the week being categorized as off-peak. Switching to T.O.D. rates would mean that the utility company will bill the hotel different rates for usage in different periods as opposed to a flat rate for all kilowatt hour usage. To benefit from T.O.D. rates the majority of a hotel's kilowatt hour consumption must be during off-peak periods. But because of the hotel's 24-hour operation and because most guest consumption occurs in off-peak periods, T.O.D. rates are usually a great savings. Just changing to the time-of-day rate program has provided, in most areas, approximately three to five percent reduction in costs. If the hotel's annual electric bill is \$200,000, as much as \$10,000 could be saved.

Controlling peak usage

Additional savings can be gained by diverting on-peak usage to off-peak periods. For example, laundry operations can often be conducted after 6 p.m. Simple timeclocks can be attached to garbage packers and other equipment to optimize off-peak usage. It is often possible to rearrange operations to save energy usage without adversely affecting guest comfort. Because on-peak usage can cost as much as 20 percent more than off-peak periods, implementing various procedures to reduce on-peak usage will result in more savings.

Utility companies have creative methods of encouraging customers to reduce peak use. For example, most have something called peak control rate (the name may vary). In this scenario, the hotel contracts with the utility to cut peak demand consumption when notified by a phone call. The contract may state that the hotel will cut 100 kilowatts over a four-hour period, six days per year. The utility will call the hotel when they need the cut, and the hotel will reduce energy consumption immediately. How? Perhaps by running the emergency generator for four hours. Perhaps by turning off the laundry for four hours. Even walk-in freezers can be turned off for limited times without damage to contents. By implementing the peak controlled rate, a hotel can save \$10,000 to \$20,000 per year with moderate effort.

The future

Although these suggestions may seem complicated, the savings is very real. And utility companies are prepared to provide significant help and consultation to implement these ideas. New rate structures are certain to be the future of utility companies and every hotel should be prepared to benefit from the changes. ✧

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