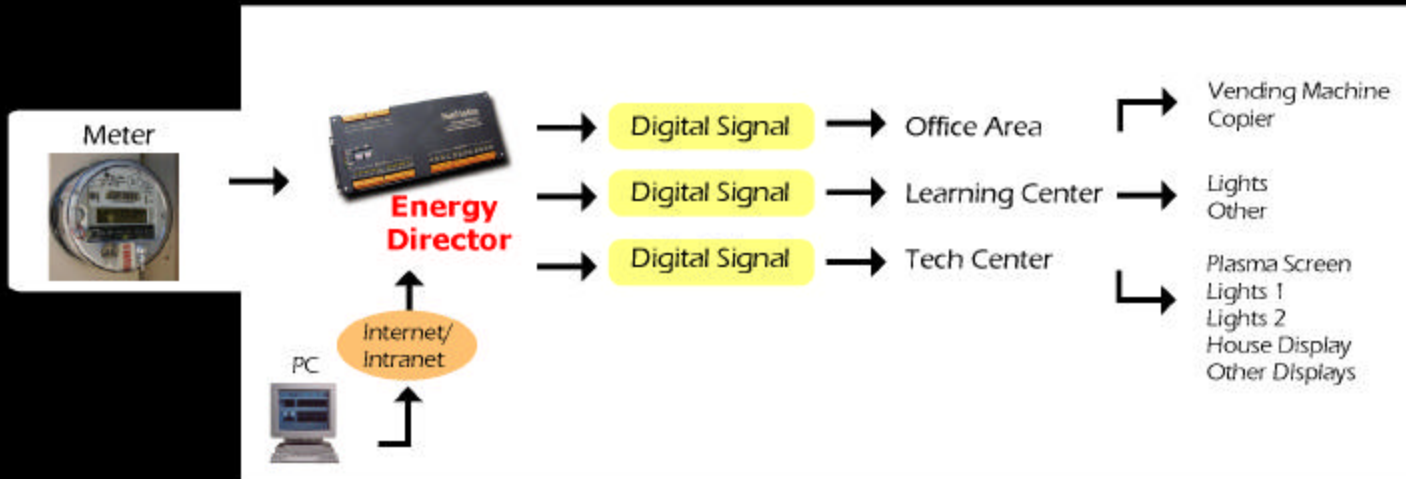


Demand Management

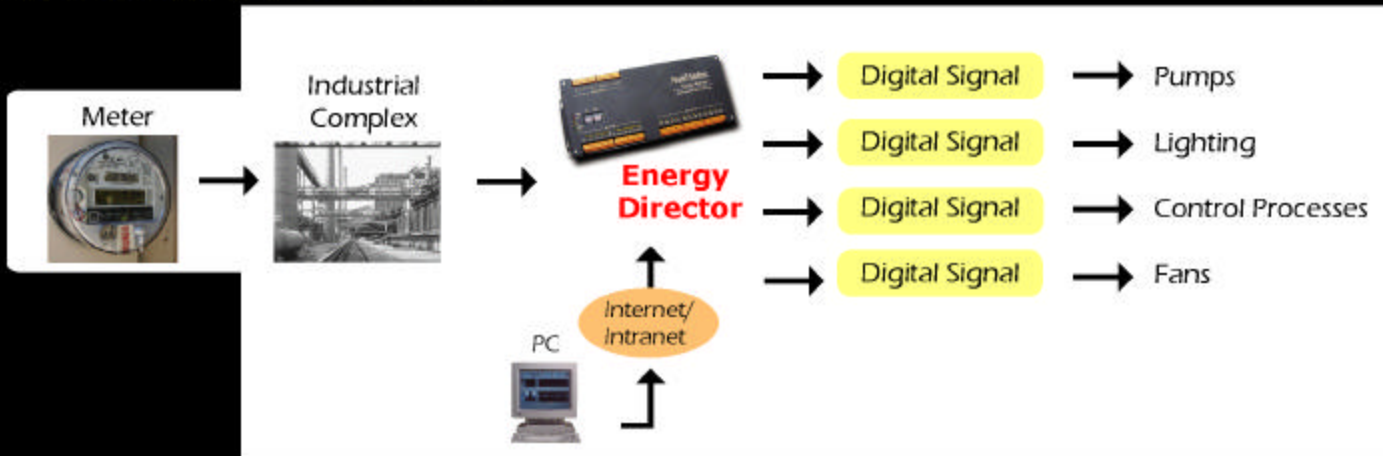
A strategy within the practice of energy management that focuses on reducing or deferring electrical demand during peak periods when electricity is most scarce (and most expensive). This is typically achieved through:

Load Shedding, Load Shifting, Self-Generation, Demand Limiting,
Dynamic Pricing Programs, Enhanced Building Automation Systems (example below)

This schematic represents a demo installation of an enhanced building automation system serving the San Diego Energy Resource Center for illustration purposes only. The electric meter is monitored by the Energy Director, which monitors and controls the loads via digital signals. When energy must be decreased, the Energy Director sends a digital signal to reduce the loads.



This schematic represents a more typical application of enhanced automation in a commercial and industrial facility.



Demand Management benefits to companies:

Reduced costs; Lower risk; Greater flexibility in operational capabilities; Increased property values.

Demand Management benefits to the market at large:

Enhanced electrical system reliability; Reduced need for delivery infrastructure; Reduced environmental impacts; Mitigation of market power by energy suppliers; Greater market efficiency through closer alignment of energy use with true costs.

A reduction in peak kW for any period of time also reduces the amount of kWh used. The cost of electricity is highest during peak periods, providing the greatest incentive to activate demand management practices.