

Local. Renewable. Reliable.



**DISTRICT ENERGY**  
ST. PAUL™

# HEATING SERVICE RATES 2021

## District Energy St. Paul

is committed to providing our customers with reliable service, stable rates, and exceptional customer service. By combining the heating needs of millions of square feet of building space in Saint Paul, we offer an efficient and flexible energy alternative to traditional on-site systems. Our approach keeps rates stable and competitive through system efficiencies and the use of multiple fuels, which can be purchased at wholesale rates.

## District Energy

has 24-hour staff dedicated to monitoring and dispatching the reliable and efficient production of hot water. The district system allows customers to simplify their energy operations, to allow staff to focus on other building improvements, and to reduce overall maintenance costs for the building. We continue to seek out additional system efficiencies and options to deliver more energy for less, which benefits customers, the local economy, and the environment.

## How is your bill determined?

A monthly bill is comprised of two primary charges: the demand charge and the energy charge. Demand charges are associated with the system costs for infrastructure, operations, and maintenance. Energy charges account for the energy costs to produce hot water. Customer bills may also include line items for fuel adjustments, service charges, discounts, sales taxes, and city fees. Rate changes are subject to approval by the District Energy board, which includes customer-elected and city-appointed board members, and the Saint Paul City Council.

## Energy Charge

The energy charge is based on the cost of fuel and proportionate to usage. To determine the energy charge, a customer's energy consumption (expressed as megawatt-hours) is measured each month and multiplied by the energy rate and fuel adjustment charge. The energy rate is based on District Energy's estimated annual cost of energy divided by the projected total system megawatt-hours of energy and is expressed in dollars per megawatt-hour. A fuel adjustment may be included with the energy charge for projected changes in the annual system fuel costs and usage and also is expressed in dollars per megawatt-hour. The energy charge is a pass-through of the system energy costs based on our cost to secure fuels for production and does not include a markup. Below is an example of the formula we will use for fiscal year 2021 to determine your energy charge:

$$\text{Energy Consumption (MWh)} \times \text{Energy Rate (\$19.90 per MWh)} \times \text{Projected Fuel Adjustment (\$0.00 per MWh)} = \text{Energy Charge}$$

District Energy's fuels include biomass, waste heat from the cogeneration plant, natural gas, solar, and fuel oil. Using a variety of fuels allows for increased reliability and the flexibility to avoid market fluctuations to keep costs stable. During the fiscal year a fuel adjustment may be made to cover increases or decreases in the energy costs.

district heating

# HEATING RATES

## Customer Demand, Demand Rate, and Demand Charge

A customer's heating demand is based on a building's normalized annual energy utilization which is planned for and provided by District Energy. To calculate demand, a building's overall energy consumption (MWh) is tracked from June 1 – May 31. The customer's weather normalized energy consumption is divided by the customer's contracted utilization hours. Demand is expressed as kilowatts.

The annual demand charge is based on District Energy's annual non-energy related costs which include energy production (boilers, fuel handling equipment, etc.), energy delivery (pumps, distribution pipeline system, etc.), operations and maintenance, repairs, capital expenditures, general and administrative, debt service, and working capital costs. This sum is divided by the total system-wide customer demand and then multiplied by the individual customer building demand. The demand charge is then billed to the customer in 12 equal monthly installments throughout the fiscal year. The demand rate is expressed in dollars per kilowatt per month and is \$5.63 per kilowatt per month for fiscal year 2021.

The demand charge is a fixed charge that is determined each year prior to the heating season. Each customer's monthly demand charge is calculated based on a building's demand multiplied by the hot water demand rate. A fixed monthly charge provides customers with the ability to avoid seasonal spikes and forecast costs for a longer time period. The following is an example of the formula we will use for fiscal year 2021 to determine your monthly demand charge:

### 2021 Hot Water Demand Rate

\$5.63 per kW per month

### 2021 Hot Water Energy Rate

\$19.90 per MWh (\$0.01990 per kWh)

### Projected 2021 Fuel Adjustment

\$0.00 per MWh (\$0.00 per kWh)

### 2021 Transition Rate

\$0.0596 per kWh

### 2021 Single Rate

\$0.0596 per kWh (demand of 100 kW or less)

### Conversion Factors

1 Megawatt (MW) = 1000 Kilowatts (kW)

1 Megawatt (MW) = 3.412 MMBtu/hour

1 Kilowatt (kW) = 0.003412 MMBtu/hour

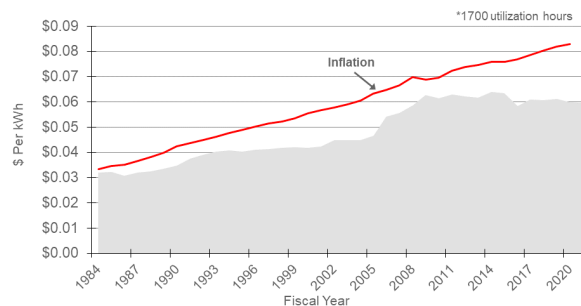
1 Megawatt-Hour (MWh) = 3.412MMBtu

1 Kilowatt-Hour (kWh) = 0.003412 MMBtu

➔ Demand (kW) x Demand Rate (\$5.63 per kW per month) = Monthly Demand Charge

District Energy customers are paying less for our services today than 38 years ago (adjusted for inflation)

Combined Heating Rate Summary 1984-2021



**District Energy welcomes  
inquires about our service,  
rates, and billing. Please  
direct your questions  
to our team**

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## Prompt Payment Discount, Charges, Fees, and Tax

**Prompt payment.** A charge of five percent (5%) will be added to the net bill computed at the rates shown above and to charges and credits, which charge shall constitute a discount from the gross bill for payment within the discount period, all as more specifically provided in the Hot Water Delivery Agreement.

**City of Saint Paul** fee surcharge is eight point seven percent (8.7%). This charge is included in the gross and net monthly bills computed under this rate schedule except as otherwise provided by law.

**Sales tax** is assessed by the State of Minnesota on all customers, with exemptions provided for residential customers as well as organizations designated non-profit by the State of Minnesota with their proof of status filed with District Energy.

**Service charges** can include excessive hot water return temperature charge, service restoration, damage, unauthorized draining, and service calls for customer building issue.

**Snow melt subpavement** snow melt service is available with rates set at fifty percent (50%) of the current hot water demand rate per snow melt demand kW per month plus the cost of energy.

### ACH payment available

District Energy customers have the option to make automatic monthly payments. For more information contact accounting at 651.925.8240.