

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION HARRISBURG, PA 17120**

Public Meeting held June 4, 2026

Commissioners Present:

Stephen M. DeFrank, Chairman  
Kimberly Barrow, Vice Chair  
Kathryn L. Zerfuss  
John F. Coleman, Jr.  
Ralph V. Yanora

Petition of FirstEnergy Pennsylvania Electric  
Company for contingency procurement of  
Solar Alternative Energy Credits

Docket Numbers:  
P-2021-3030012  
P-2021-3030013  
P-2021-3030014  
P-2021-3030021

**Public Version**

**ORDER**

**BY THE COMMISSION:**

On December 22, 2025, FirstEnergy Pennsylvania Electric Company (FirstEnergy or FE PA), Utility Code 110300, filed a Petition with the Pennsylvania Public Utility Commission (Commission) for approval to procure solar photovoltaic alternative energy credits (SPAECs) from independent third-party brokers. Specifically, FE PA seeks to procure SPAECs from independent third-party brokers to replace SPAECs that will not be delivered under long-term power purchase agreements (PPAs) with a solar energy project under development in Pennsylvania. The project will not be able to meet its contractual delivery obligations during the remainder of the Default Service Plan (DSP VI) term that ends on May 31, 2027. These SPAECs are needed to satisfy a portion of the

requirements of the Alternative Energy Portfolio Standards Act, 73 P.S. § 1641.1, et seq. (AEPS) for default service providers. For the reasons expressed below, we grant FirstEnergy Pennsylvania Electric Company's Petition for contingency procurement of SPAECs from independent third-party brokers.

On December 14, 2021, Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company (the FirstEnergy Companies) filed a Joint Petition requesting that the Commission approve their default service programs for the period June 1, 2023, through May 31, 2027. A Joint Petition for Partial Settlement was filed on April 20, 2022, which detailed the settlement reached among most of parties to these proceedings and reserved two items for litigation. A Recommended Decision was issued on June 29, 2022, approving the Settlement without modification, and on August 4, 2022, the Commission entered an Order adopting the Recommended Decision without modification. Petition ¶(1).

In approving the Settlement, the Commission authorized the FirstEnergy Companies to conduct a procurement for energy and SPAECs generated by one or more new in-state solar photovoltaic energy projects with a total capacity of at least 7 MW up to 20 MW. SPAECs from these procurements would be allocated to wholesale default service suppliers in proportion to the residential load served by each supplier. Petition ¶(5)

The FirstEnergy Companies conducted a procurement for energy and SPAECs in accordance with the Settlement, which the Commission approved by Secretarial Letter on February 8, 2023. The FirstEnergy Companies then entered into a PPA for a portion of the output of a solar facility in development in Pennsylvania. FE PA is now responsible for these agreements on behalf of the pre-merger FirstEnergy Companies. Petition ¶(6)

On September 23, 2025, the developer of the solar project communicated to FE PA that the project will not achieve commercial operation in time to deliver energy and SPAECs to FE PA during the final year of DSP VI (June 1, 2026, to May 31, 2027) as required under the PPAs. Petition ¶(7).

In response to staff data requests, FE PA stated that the developer informed FE PA that it will not be able to place the facility in service by the Guaranteed Initial Delivery Date of May 31, 2026. FE PA provided a copy of a letter that the developer sent to inform FE PA that the project cannot meet the schedule requirements of the Agreements nor advance to construct without both an adjustment in Contract Price and revised Guaranteed Initial Delivery Date. The developer also stated that the project was subject to the PJM interconnection rules which have been subject to delays and a transition to a new interconnection study process and that despite actions taken to mitigate adverse impacts on the project, the project was seeing cost increases on less efficient property usage, landscaping costs, engineering, and interconnection costs. The developer stated that its costs have increased by nearly [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] since their original bid and are subject to further increases. TUS Data Request Set 3, Attachment 7-A.

The AEPS contingency plan in DSP VI, as filed by the FirstEnergy Companies, did not explicitly address the possibility of a delay in solar project commercial operation, or a failure to deliver SPAECs if the long-term solar procurement was successful, and contracts were executed for SPAEC delivery. Petition ¶(9). FE PA intends to procure the solar credits necessary to meet the AEPS requirements for FE PA's default service load during the last year of its sixth default service program from the spot market. FE PA anticipates procuring these credits through third-party unaffiliated brokers and will solicit prices from multiple brokers to ensure competitive procurement. FE PA estimates that the costs to procure the necessary solar credits from the spot market for this period to be approximately [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] using an all-in price of [BEGIN CONFIDENTIAL] [END CONFIDENTIAL]

**CONFIDENTIAL]** per solar credit based on recent discussions with established brokers and an estimated SPAEC obligation of **[BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]** MWh. This price is substantially less than the expected price per credit under the Agreement of **[BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]**. FE PA does not anticipate material internal costs to manage these spot market purchases. Petition ¶(10) and Data Request Set 3, Question 2.

In subsequent years, as set forth in FE PA's proposed seventh default service program, at Docket No. P-2026-3060298, each full requirement default service supplier would be responsible for obtaining all SPAECs necessary to meet AEPS requirements for the portion of default service load served by the supplier. No additional cost separate from the procurement and implementation of full requirements contracts in FE PA's seventh default service program would be incurred by customers arising from termination of the original Agreement. Data Request Set 3, Question 2.

FE PA stated that given current market prices for SPAECs, and the Commission's conclusion as reported in its AEPS Annual Report for the 2025 compliance year that there should not be any concerns for SPAEC availability for AEPS compliance purposes through 2027 and beyond, FE PA anticipates that the price for credits on the spot market will remain below the contract price for the remainder of FE PA's sixth default service program. Under FE PA's seventh default service program, suppliers will need to incorporate the obligation to meet all AEPS requirements in their competitive bids which will help ensure a competitive price for alternative energy credits. Data Request Set 3, Question 3.

Under Section 14.4 of the solar contract, the Seller is required to pay delay damages if the facility does not commence commercial operation and meet other requirements of the Initial Delivery Date by the Guaranteed Initial Delivery Date of May 31, 2026. FE PA estimates damages based upon a default for failure to meet the Guaranteed Commercial Operation Date under the Agreement to be between

approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] and [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]. FE PA estimates the cost of potential litigation would be approximately [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL], which would possibly offset any damages obtained. Data Request Set 3, Questions 9a, 9b, and Attachment 8-A.

In order to avoid litigation and the associated costs, FE PA entered into negotiations with the Seller. FE PA stated that based on discussions and negotiations, the Seller has agreed to make a lump-sum payment of [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] to terminate the Agreement and avoid litigation. The damages were estimated by comparing cost of procuring energy and SPAECs under the contract versus their alternative purchasing strategy. While the cost of SPAECs is estimated to be lower than the contract cost, the cost increase is due to the increased energy costs. The calculation reflects the difference in forward market power prices and forward SPAEC prices. Any damage payments would be refunded entirely to customers through FE PA's Price to Compare Default Service Rate Rider. Data Request Set 3, Question 8, and Attachment 8-A.

Section 2.2(a) of the Agreement with the Seller provides that the Agreement may be terminated at any time by the mutual consent of the parties. FE PA stated that termination of the Agreement and recouping the accompanying damages would eliminate uncertainty and facilitate FE PA's proposal in its seventh default service program to have full requirements suppliers bear the risks and costs of AEPS compliance. FE PA intends to enter into an agreement to terminate the PPA in accordance with Section 2.2(a) and will provide notice to the Commission with a confidential copy of the termination agreement. Data Request Set 3, Question 9b.

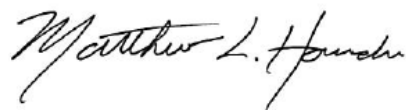
We find that FE PA's proposed contingency plan properly addresses the Seller's failure to deliver SPAECs since it provides a rational SPAEC acquisition strategy and also establishes reasonable compensation for damages from the Seller. Accordingly, we

grant FirstEnergy Pennsylvania Electric Company's Petition for contingency procurement of SPAECs from independent third-party brokers; **THEREFORE,**

**IT IS ORDERED:**

1. That the FirstEnergy Pennsylvania Electric Company Petition for contingency procurement of Solar Photovoltaic Alternative Energy Credits from independent third-party brokers is hereby approved.
2. That a copy of this Order be served on FirstEnergy Pennsylvania Electric Company, the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, the Office of Small Business Advocate, and on all parties of record in this proceeding.
3. That this proceeding at P-2021-3030012, P-2021-3030013, P-2021-3030014 and P-2021-3030021 be closed.

**BY THE COMMISSION,**



Matthew L. Homsher  
Secretary

(SEAL)

ORDER ADOPTED: June 4, 2026

ORDER ENTERED: June 4, 2026