PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120

Pennsylvania Public Utility Commission, *et al.*,

v.

PPL Electric Utilities Corporation

Public Meeting held June 4, 2026

Docket Nos. R-2025-3057164, *et al.*

MOTION OF COMMISSIONER KATHRYN L. ZERFUSS

Today the Commission considers the Joint Petition for Non-Unanimous Settlement of All Issues (Settlement) filed earlier this year in the above-captioned proceeding by PPL Electric Utilities Corporation and certain settling parties. The Commission has taken deliberate steps to ensure that the costs created by new load and generation patterns—including the unique demands of large data centers—do not fall unfairly on existing ratepayers, and this Settlement represents a shift toward that same approach. For example, it includes a new large-load customer tariff with features such as long-term service commitments, minimum-load guarantees, and contributions toward low-income assistance, all designed to better align cost responsibility with cost causation.

As currently drafted, however, the Settlement's Maximum Registered Peak Load, or MRPL, provisions would place agricultural biogas customer-generators in a classification that was not designed for them and does not fit their operations. These MRPL provisions target large, "no-load" net-metering operations that send nearly all their power to the grid and consume very little on-site.[1] The record does not establish that farm-based biogas digesters fit that profile, and yet the MRPL framework would encompass them nonetheless. For that reason, I am not persuaded that the settling parties have carried their burden to show that this treatment is in the public interest.[2] I therefore support approving the Settlement, subject to a narrow modification to avoid misclassifying farmers for a reason the record does not support.

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[1] *See* PPL Electric St. No. 15, at 3 (identifying "no load" net-metering installations—typically over 1 MW with little or no onsite load—as a key driver of the change); *id.*, at 5–6 (projecting a substantial increase in customer-generators without independent load to offset their usage).

[2] The Commission approves a settlement only on a finding that its provisions are in the public interest, and it is not bound to accept the agreement as filed. *See* 66 Pa.C.S. § 332(a); 52 Pa. Code § 5.232(d); *Pa. PUC v. C.S. Water and Sewer Assoc.*, 74 Pa. P.U.C. 767 (1991). The reasonableness of differential treatment among classes of service turns on the nature, pattern, and conditions of use, in addition to cost of service. *See Lloyd v. Pa. PUC*, 904 A.2d 1010, 1016 (Pa. Cmwlth. 2006) (recognizing that rate differences based on "the nature . . . [or] the pattern of the use . . . are not only permissible but often are desirable," and that "other relevant factors may also be considered" (quoting *Phila. Suburban Water Co. v. Pa. PUC*, 808 A.2d 1044, 1060 (Pa. Cmwlth. 2002), and citing 66 Pa.C.S. § 1304)). The support offered here for the MRPL classification concerns "no-load" projects and not agricultural biogas systems.

As I have long maintained, the future of Pennsylvania agriculture and the future of our energy system are increasingly one and the same. This matter sits at that intersection. The message from the farming community, public officials, and agricultural leaders is clear: these are family businesses who are active participants in our energy future with deep roots and real economic investments in their communities, all to produce the food, fuel, and fiber on which we rely.

Chief among those investments are agricultural anaerobic digesters. For these farms, biogas is not a side business; it is a critical part of how the farm works. An anaerobic digester converts organic material such as animal manure, spent grain, and food residuals into methane through anaerobic decomposition. The methane is then captured and used for continuous on-site generation. In the same process, the system helps manage manure, reduce odors, mitigate methane emissions, and return digestate to the fields as fertilizer, or as bedding for animals. It turns waste streams into energy and provides economic and environmental benefits.

Pennsylvania law recognizes that value. Biologically derived methane gas is a Tier I alternative energy source under the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.2, and operators of systems fueled by biologically derived methane gas are eligible to participate in net metering. Farmers make substantial investments against that legal and economic backdrop. For them, net-metering treatment was not an abstraction—it was part of the framework that allowed these projects to be built, financed, and maintained.

Where Pennsylvania law recognizes that value, the Settlement's MRPL provisions do not. A farm digester first serves the farm. Milking, refrigeration, ventilation, heating, pumping, and other farm operations run continuously. They draw from the generator before anything flows outward to the electric grid. What the system places on the grid is net output: what remains after the farm has served its own load. That is a different profile from a facility built principally to export power, which is the type of facility for which the MRPL provisions are meant. Facilities with little or no on-site load may raise different rate-design questions. But agricultural anaerobic digester systems are not that. They are part of an operating farm, and the record does not support treating them as though they were merchant generators.[3]

The Settlement attempts to address this concern through a grandfathering provision, but the provision falls short of solving the problem. It provides that customer-generators with interconnection applications filed on or before September 30, 2025, may remain in their current rate class for ten years, through December 31, 2036, subject to a 140 MW-AC aggregate cap.[4] That protection is temporary, capped, and uncertain for projects still moving toward construction, and it does not fully address the reliance interests of farms that have already made major investments in these systems.[5]

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[3] *See* Testimony of Michael Brubaker, Tr. at 290–94 (Pub. Input Hr'g Dec. 10, 2025) (describing an anaerobic digester operating since 2007 as a Tier 1 AEPS resource that mixes manure with food waste to produce methane for on-site generation, runs 24/7 at roughly 97 percent uptime, and returns digestate as fertilizer); *see also* Testimony of Brett Reinford, Tr. at 307–09 (Pub. Input Hr'g Dec. 10, 2025) (digester converts food waste that would otherwise be landfilled into renewable electricity).

[4] Joint Petition for Non-Unanimous Settlement ¶¶ 99–100.

[5] *See* Testimony of Brett Reinford, Tr. at 309–12 (Pub. Input Hr'g Dec. 10, 2025) (new second generator producing three times the power cannot fully ramp up until queued projects clear, following a $1.8 million motor installation);

For agricultural operations, that showing has not been made. The record does not show that farm digesters present the harm the MRPL provisions were designed to address. It does show that these systems provide continuous generation, serve substantial on-site farm load, and support other tangible public benefits like manure management, reducing environmental impacts, and keeping family farms viable.

The modification I propose is limited and aligns with the position taken by the Professional Dairy Managers of Pennsylvania that dairy farms operating anaerobic digesters are not the no-load customer-generators at which the classification is directed.[6] The modification applies only to agricultural customer-generators that use anaerobic digesters or biogas generation systems fueled by biologically derived methane gas—as that term is used in the Alternative Energy Portfolio Standards Act—and that are owned or operated by persons engaged in agricultural operations. It does not disturb the MRPL mechanism for any other class of customer-generator. The MRPL classification and its terms remain fully in place for everyone else.

In short, the record supports a narrow correction. Agricultural biogas systems should not be swept into a classification that does not fit how they operate. This modification preserves the Settlement while protecting farms that use anaerobic digester systems to generate power, manage waste, and carry Pennsylvania's agricultural legacy forward.

THEREFORE, I MOVE THAT:

1. The Recommended Decision is modified consistent with this Motion.

2. The Joint Petition for Approval of Non-Unanimous Settlement of All Issues filed in Docket Nos. R-2025-3057164, *et al.*, is approved as modified by this Motion.

3. An agricultural customer-generator, as defined in Ordering Paragraph 4 of this Motion, shall not be subject to the Maximum Registered Peak Load classification adopted in Paragraphs 98 through 105 of the Settlement.

Testimony of Jonathan Harding, American Biogas Council, Tr. at 604 (Pub. Input Hr'g Dec. 15, 2025) (sixty-three biogas-to-electricity projects, operating or under development, are located in PPL territory and export under existing net-metering frameworks).

[6] *See* Statement of the Professional Dairy Managers of Pennsylvania (PDMP) in Opposition to Settlement, at 6 (Mar. 20, 2026) (objecting to the MRPL classification as applied to dairy farms operating anaerobic digesters). The modification aligns as well with the position of the Pennsylvania Department of Agriculture, which "respectfully urge[d]" the Commission "not to support any changes to how on-farm energy projects are classified," *see* Letter from Russell C. Redding, Secretary, Pa. Dep't of Agriculture (Jan. 20, 2026) (cautioning that classifying on-farm customer-generators as large commercial or industrial operations is inappropriate), and Pennsylvania Senator Judy Ward, *see* Letter from Senator Judy Ward, 30th Senatorial District (March 10, 2026) (encouraging Commission to consider any impact on agricultural digesters in rate cases regarding net metering). Although the PDMP did not file exceptions in this case, the Commission may modify settlement terms on its own initiative in the public interest, subject to the settling parties' right to withdraw post-modification. *See, e.g.*, *Pa. Pub. Util. Comm'n, Bureau of Investigation & Enf't v. Green Mountain Energy Co.*, Docket No. M-2021-3009235 (Op. & Order entered Feb. 24, 2022); *Pa. Pub. Util. Comm'n, Bureau of Investigation & Enf't v. Sunoco Pipeline, L.P.*, Docket No. C-2018-3006534 (Op. & Order entered Aug. 19, 2020) (rejecting party's contention that the Commission could not address issues not raised by the parties or supported by additional record evidence).

4. For purposes of this Order, "agricultural customer-generator" means a retail electric customer-generator whose alternative energy generating facility is:

   a. An anaerobic digester or biogas generation system fueled primarily by biologically derived methane gas, as defined in the Alternative Energy Portfolio Standards Act, 73 P.S. § 1648.2—meaning gas from the anaerobic decomposition of animal waste, agricultural residue, or food processing waste—at a facility on land actively used for agricultural production;

   b. Owned or operated by a person or entity primarily engaged in animal agricultural operations, including, but not limited to, dairying, poultry production, and swine production; and

   c. Not included within the scope of these Ordering Paragraphs are biodigesters that operate as commercial off-farm facilities, such as standalone or regional plants.

5. Following the expiration of the withdrawal period set forth in Ordering Paragraph 6, and absent a withdrawal, PPL Electric is directed to file a compliance tariff necessary to implement this Motion, on one day's notice, effective for service rendered on and after July 1, 2026, served upon all parties.

6. Consistent with Paragraph 127 of the Settlement, any Joint Petitioner may elect to withdraw from the Settlement by written notice filed with the Secretary of the Commission and served upon all Joint Petitioners within five (5) business days after the entry of the Commission's Opinion and Order modifying the Settlement; and in the event of such withdrawal, the matter shall proceed consistent with the terms of the Settlement and applicable Commission procedure.

7. The Office of Special Assistants prepare an Opinion and Order consistent with this Motion.

DATE: June 4, 2026

Kathryn L. Zerfuss, Commissioner