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July 22, 2026

VIA ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: Joint Solar Advocates' Reply Brief
PA PUC - Docket Number: P-2026-3060298

Dear Secretary Homsher:

Please be advised that this office represents the Joint Solar Advocates in the above-referenced action. Enclosed for electronic filing is Joint Solar Advocates' Reply Brief.

If you have any questions with regard to this filing, please do not hesitate to contact me. Thank you.

Respectfully,

Ashley L. Beach

Ashley L. Beach

ALB:tla
Enclosure

cc: Per Attached Certificate of Service (w/enclosures)

BEFORE THE

PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of FirstEnergy Pennsylvania Electric Company for Approval of Its Default Service Program for the Period June 1, 2027 to May 31, 2031	**: : : :**	**Docket No. P-2026-3060298**

REPLY BRIEF OF

THE COALITION FOR COMMUNITY SOLAR ACCESS AND

SOLAR ENERGY INDUSTRIES ASSOCIATION

"JOINT SOLAR ADVOCATES"

Date Served: July 22, 2026

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I. INTRODUCTION

In the Solar Energy Industries Association and the Coalition for Community Solar Access (together, the "Joint Solar Advocates" or "JSA") Main Brief, the JSA explained why FirstEnergy Pennsylvania Electric Company's ("FE PA" or the "Company") proposed reclassification of net-metered customer-generators in its seventh default service program ("DSP VII") is problematic. Specifically, FE PA's use of a new criterion—Maximum Registered Peak Load ("MRPL")—to reclassify customer-generators from the Commercial default service class to the Industrial default service class will result in substantial stranded investments that customer-generators made in reliance upon the current rules that FE PA now proposes to change and, as discussed below, leaves meaningful capacity and transmission savings provided by net-metered projects on the table for the very customers that FE PA's classification change is designed to protect.[1] The solution to this problem is twofold: (1) implementation of a reasonable legacy rights or "grandfathering" period for the operational and near-operational net metering projects, and (2) directing targeted revisions to FE's cost accounting mechanisms to ensure FE PA's customers receive the full benefits of the net-metered projects for which they pay. FE PA continues to request that the Pennsylvania Public Utility Commission ("Commission") approve a very short grandfathering period that in no way mitigates the harm to net-metered customer-generators[2] and fails to account for the benefits to the default service class of negative PLCs .

FE PA argues that the Commission should approve a grandfathering period of only two years but fails to mention that this short period falls far short of the 10-year grandfathering period that the Commission approved on June 11, 2026 in the PPL Electric Utilities Corporation ("PPL") rate case proceeding. In the PPL rate case, the Commission made a point of stating that the 10-year grandfathering period that it

[1] Walmart St. 1, p. 8.

[2] This view is reflected in the Joint Petition for Non-Unanimous Settlement

approved "preserves reasonable transition protections for customer generators,"[3] and Chairman Stephen M. DeFrank commended the settlement's grandfathering period as "prudent."[4]

Due to FE PA's insistence on an insufficient grandfathering period, the JSA proposed an alternative grandfathering period that is more consistent with the grandfathering period approved in the PPL rate case proceeding than FE PA's proposal. This alternative grandfathering period is prudent because it would accomplish FE PA's plan to transition net-metered customer-generators from the Commercial default service class to the Industrial default service class while, at the same time, protect the investments made by operational and near-operational projects in reliance upon FE PA's current rules. Despite the reasonableness of the JSA's grandfathering period, FE PA asked the Commission to reject the JSA's proposal because it would "result in substantial increases in the current PTC rates throughout FE PA's territory."[5] However, FE PA's analysis is incomplete because as noted above it failed to allocate the full benefits associated with net-metered generation to the Commercial default service class by measuring customer-generators' negative Peak Load Contributions ("PLCs") in allocating capacity costs and negative Network Service Peak Load contributions ("NSPLs") (together referred to as "PLCs") in allocating transmission costs.

Rather, FE PA and the Pennsylvania Office of Consumer Advocate ("OCA") use their Main Briefs to continue objecting to the JSA's proposal to measure PLCs to provide appropriate cost savings to the Commercial and Industrial default service classes. By assigning PLCs of zero (instead of a negative amount) during peak periods when customer-generators generate excess energy, FE PA is failing to assign the full value of avoided capacity and transmission benefits to the default service customers from which

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[3] *Id.* at 194, 202.

[4] *See Opinion and Order, PA Public Utility Commission, et al. v. PPL Electric Utilities Corporation,* Docket No. R-2025-3057164 (June 11, 2026).

[5] FE PA Main Brief, p. 33.

net metering expenses are recovered. Despite evidence to the contrary, FE PA and the OCA continue to assert in their briefs that measuring negative PLCs will shift costs and will have uncertain capacity and transmission benefits.[6] It is perplexing that the OCA claimed that customer-generators would be compensated for negative PLCs[7] when it has been made abundantly clear throughout this proceeding that negative PLCs are <u>not</u> being proposed as a way to provide compensation to customer-generators.[8]

Customer-generators in FE PA's service territory are compensated for transmission and capacity value under the HP Rider, consistent with the Commission's regulations.[9] Allowing negative PLCs does nothing to change that compensation. It does, however, ensure that the capacity and transmission benefits derived from customer-generator's load reductions during PJM peak periods are attributed to the default service customer class from which net-metering cash-out expenses are recovered, rather than being dispersed across a broader pool of ratepayers.

Under the status quo, default service customers bear the full cost of compensating customer-generators while the associated capacity and transmission benefits are socialized across a broader group of customers, including non-default service customers that bear none of those costs. FE PA's MRPL proposal compounds this problem by creating a new cost shift from the Commercial default service class to the Industrial default service class without addressing the underlying misalignment between who pays for customer-generator compensation and who receives the associated benefits. The Commission should be attentive to the fact that FE PA's preferred approach leaves default service customers bearing the costs while the benefits flow disproportionately to other ratepayers.

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[6] *Id.* at 28; OCA Main Brief, pp. 21-23.

[7] OCA Main Brief, p. 22.

[8] Tr., p. 141.

[9] 52 Pa. Code § 75.13(c).

Measuring negative PLCs is a cost-accounting mechanism that will help keep rates affordable for the Commercial and Industrial default service customers. Specifically, negative PLCs will ensure that the avoided PJM Interconnection L.L.C. ("PJM") capacity and transmission costs derived from net-metered excess generation are fully allocated back to the Commercial and Industrial default service classes that pay for the excess generation. Simply put, the Commercial and Industrial default service customers that pay for the customer-generators' excess generation should be able to receive 100% of the benefits of the excess generation. It is inexplicable that FE PA and the OCA are not taking advantage of all opportunities to save costs for the Commercial and Industrial default service customers.

Significantly, in their briefs, neither FE PA nor OCA disputed that a grandfathering period consistent with the period approved by the Commission in the PPL rate case, coupled with the use of negative PLCs, will mitigate any impacts to the Commercial customers from the excess generation costs.

The JSA restates by reference the information that is provided in its Main Brief, including its proposed Findings of Fact, Conclusions of Law, and Directives.

A. Procedural History

On February 3, 2026, FE PA filed a Petition for Approval of its Default Service Program for the Period June 1, 2027 to May 31, 2031 ("Petition") requesting that the Commission approve its DSP VII. FE PA currently provides default service pursuant to the current Commission-approved default service program ("DSP VI") that will expire on May 31, 2027.[10]

[10] *See Joint Petition of Metro. Edison Co., Pa. Elec. Co., Pennsylvania Power Co., and West Penn Power Co. for Approval of their Default Serv. Programs for the Period Beginning June 1, 2023 through May 31, 2027*, Docket No. P-2021-3030012 (Recommended Decision dated June 29, 2022 ("DSP VI RD"). The DSP VI RD was adopted without modification by the Commission in its Order entered August 4, 2022.

On February 10, 2026, Deputy Chief Administrative Law Judge Mark A. Hoyer and Administrative Law Judge Erin L. Gannon ("ALJs") issued a Call-In Telephonic Prehearing Conference Notice. On February 19, 2026, the ALJs issued a Prehearing Conference Order scheduling a prehearing conference for March 19, 2026 and setting forth the parties' obligations with respect to the Prehearing Conference. The prehearing conference was conducted as scheduled on March 19, 2026.

On February 10, 2026, the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA") filed a Petition to Intervene and an Answer.

On February 19, 2026, Penn Renewables, LLC ("Penn Renewables") filed a Petition to Intervene.

On February 20, 2026, the Office of Small Business Advocate ("OSBA") filed a Notice of Intervention and a Notice of Appearance.

Notice of the DSP VII filing and the scheduled Prehearing Conference was published in the Pennsylvania Bulletin at 56 Pa.B. 1085 on February 21, 2026.

On February 24, 2026, Petitions to Intervene were filed by Shipley Choice, LLC d/b/a Shipley Energy and Interstate Gas Supply, LLC d/b/a IGS Energy ("EGS Parties"), and the Met-Ed Industrial Users Group, the Penelec Industrial Customer Alliance and the West Penn Power Industrial Intervenors ("Industrial Customer Groups").

On March 5, 2026, Dimension PA 1, LLC ("Dimension") filed a Petition to Intervene.

On March 9, 2026, OCA filed an Answer, Notice of Appearance, and Notice of Intervention and Public Statement.

On March 9, 2026, Petitions to Intervene were filed by WGL Energy Services, Inc. ("WGL"); and Town Square Energy East, LLC, Sunrise Airport Road LLC, Sunrise Forrester Road LLC, Sunrise Franklin Road LLC, Sunrise Harlansburg Road LLC, Sunrise Hendersonville Road LLC, Sunrise McCurdy Road LLC, Sunrise Perry Highway LLC, Sunrise Sandy Lake Greenville Road LLC, Sunrise Sandy Lake Polk Road LLC, and Sunrise Springfield Church Road LLC ("CGC").

On March 10, 2026, The Pennsylvania State University ("PSU") filed a Petition to Intervene.

On March 13, 2026, the JSA filed a Petition to Intervene that was updated on March 16, 2026.

On March 16, 2026, Constellation Energy Generation, LLC and Constellation NewEnergy, Inc. ("Constellation") filed a Petition to Intervene and a Prehearing Conference Memorandum.

On March 16, 2026, two interim orders were issued by the ALJs granting the Motion for Admission Pro Hac Vice of Mitchell H. Kinzer, Esquire filed by Dimension and the Motion for Admissions Pro Hac Vice of Linda S. Kizuka, Esquire and Marsha D. Makel, Esquire filed by Constellation.

On March 17, 2026, Duquesne Light Company ("DLC") filed a Petition to Intervene.

On March 17, 2026, Walmart Inc. ("Walmart") filed a Petition to Intervene and a Prehearing Conference Memorandum.

On March 17, 2026, FE PA filed a Prehearing Conference Memorandum in which FE PA requested the issuance of Protective Order in the form attached as Appendix A to its Prehearing Memorandum.

Also on March 17, 2026, Prehearing Conference Memorandums were also filed by OSBA, the Industrial Customer Groups, OCA, Walmart, PSU, the Retail Energy Supply Association ("RESA"), Town Square, CGC, EGS Parties, WGL, CAUSE-PA, Penn Renewables, JSA, Dimension, and DLC.

On March 18, 2026, the Motion for Admission Pro Hac Vice of R. Taylor Speer and Karen M. Kemerait was filed by the JSA.

On March 23, 2026, the ALJs issued an In-Person Evidentiary Hearings Notice scheduling the evidentiary hearings for June 15 and 16, 2026, and addressing evidentiary matters. Also on March 23, 2026, the ALJs issued a Prehearing Order that provided a litigation schedule and addressed procedural matters. The Prehearing Order stated that during the Prehearing Conference the ALJs granted the Motion for Admission Pro Hac

Vice of R. Taylor Speer and Karen M. Kemerait filed by the JSA; granted the 14 Petitions to Intervene filed in the docket; and granted FE PA's request for a Protective Order.

On May 6, 2026, Infinity Capital, LLC filed a Protest to the Petition.

The ALJs excused witnesses from appearing in the proceedings by Interim Orders issued on April 16 and June 16, 2026.

The In-Person Evidentiary Hearing was conducted as scheduled before the ALJs on June 15, 2026. On June 16, 2026, the ALJs issued a Hearing Cancellation Notice cancelling the evidentiary hearing for June 16, 2026.

On June 24, 2026, the ALJs issued an Interim Order Setting Additional Requirement for Briefs and Settlement.

On July 2, 2026, FE PA filed a Joint Petition For Non-Unanimous Settlement ("Joint Petition").

On July 10, 2026, the following parties filed Main Briefs along with proposed Findings of Fact and Conclusions of Law: FE PA, the JSA, Dimension, RESA, Town Square, Constellation, CGC, OCA, CAUSE-PA, and EGS Parties.

In its Main Brief, CGC opposed the Joint Petition and argued that FE PA's MRPL proposal should be rejected for a number of reasons, including because it is not supported by evidence, is contrary to the public interest, and is illegal under the Commission's regulations, the Alternative Energy Portfolio Standards ("AEPS") Act, and Act 129.[11]

In its Main Brief, Dimension opposed the Joint Petition. Dimension stated that it owns numerous special purpose entities in FE PA's service territory that are generating power from solar photovoltaic ("PV") power generation.[12] Dimension maintained that FE PA's grandfathering period is not a fair or reasonable grandfathering period and that Dimension supports the JSA's grandfathering framework.[13]

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[11] CGC Main Brief, p. 1.

[12] Dimension Main Brief, p. 5.

[13] *Id.* at 5, 77-12.

B. Non-Unanimous Settlement

The JSA restates by reference the information that is provided in its Main Brief.

C. Legal Standards

The JSA restates by reference the information that is provided in its Main Brief.

D. Summary of Argument

FE PA's reclassification of certain customer-generators to the Hourly Pricing ("HP") Rider rate will harm those customer-generators that developed their projects in reliance upon the current Commission-approved rules and tariffs. FE PA recognizes the harm to customer-generators from the reclassification but has failed to provide appropriate mitigation. FE PA's two-year grandfathering proposal simply will not protect the investments that customer-generators have made based upon the understanding that they would be compensated by the ("Price to Compare") PTC Rider rate rather than the HP Rider rate. The JSA's recommended grandfathering framework appropriately balances the interests of both the Commercial default service customers and the customer-generators. The JSA's grandfathering proposal or, in the alternative, a 10-year grandfathering period consistent with the grandfathering period approved in the recent PPL rate case, is reasonable and prudent and should be approved.

FE PA's proposal fails to provide certain cost savings to the Commercial and Industrial default service customers. To capture untapped cost savings for the Commercial and Industrial customers, FE PA should leverage customer-generators' existing Advanced Metering Infrastructure ("AMI") to measure the negative PLCs of net-metered customer-generators. FE PA would then be able to ensure that the default service Commercial and Industrial customers that pay for the excess generation would also receive all the benefits of that excess generation. Considering that keeping default service rates affordable is a primary goal not only for FE PA but the entire state of Pennsylvania, FE PA should be required to allocate these savings to default service customers.

II. CLASSIFICATION OF NON-RESIDENTIAL DEFAULT SERVICE CUSTOMERS

A. Classification of Customers Based on Maximum Registered Peak Load

The JSA restates the information for this section that is provided in its Main Brief.

B. Projections of Customer-Generator Growth

FE PA's justification for moving customer-generators into the Industrial default service rate class is based on FE PA's estimates of the future growth of customer-generators. JSA witness Michelman and CGC witness Heidell dispute FE PA witness Young's estimates of the potential growth of net-metered customer-generators coming on-line by 2029 because they are overstated and not supported by any data or analysis about the number of projects in the interconnection queue that might actually be constructed. Mr. Young acknowledged that his prediction about the amount of net-metering capacity that will be on-line by 2029 is just an "educated guess" based upon a "wide-ranging estimate, using hypotheticals."[14] When asked about how sure he is about his predictions, Mr. Young stated that "you certainly can't say with any certainty what the penetration rate [of customer-generators in operation] would be next year or 25 years from now."[15]

In its brief, FE PA responded to the JSA's and CGC's criticisms of FE PA witness Young's projections of customer-generator growth by stating that Mr. Michelman and Mr. Heidell "miss the point" of FE PA's analysis. FE PA attempts to shift the focus from Mr. Young's overstated "educated guess" of customer-generator growth[16] by noting Mr. Young's acknowledgement in his rejoinder testimony that "not all customer-generators that apply for interconnection will be energized . . . ."[17] Mr. Michelman's and Mr. Heidell's conclusions that FE PA's estimates are overstated do not miss the point; their conclusions are squarely on point. FE PA's estimates fail to accurately reflect the fact that the majority of net-metering projects in the interconnection queue will not be

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[14] Tr., p. 81.

[15] *Id.*

[16] Tr. p. 81.

[17] FE PA Main Brief, p. 22; *see also* FE PA St. 1-RJ, p. 2.

constructed or reach commercial operation.[18] Many of the projects in the interconnection queue counted by Mr. Young are at the earliest stage of the interconnection process and are nowhere near commencing construction. As JSA witness Michelman pointed out, the ultimate operational viability of the projects in the interconnection queue will depend upon multiple factors that have yet to occur, such as financing, supply chain issues, permitting and siting issues, and market changes.[19] To obtain a more realistic estimate of the cancellation rate for customer-generators, Mr. Heidell stated that an appropriate period of time, such as a five-year period, should be considered.[20] And while FE PA attempts to use Mr. Heidell's calculation that 35% of the total megawatts of net metering projects in the queue were cancelled in just a four-year period to infer that 65% of those projects will come on line,[21] here FE PA is deliberately "missing the point." It was not until 2023 that the number of projects in the queue began to markedly increase. These projects have multiple roadblocks ahead of them, as outlined by Mr. Michelman. Indeed, the farther you go back in time, the percentage cancellation rate increases. Despite FE PA's attempts to infer otherwise, nowhere near 65% of these projects will come online.

The OCA only summarily referenced FE PA's growth estimates of net-metered customer-generators, stating that "[t]he 1,555 pending applications for new generation further demonstrate that the volumetric risks identified by the OCA are not speculative . . . ."[22] However, the OCA provided no information or analysis to demonstrate that FE PA's growth predictions are accurate.

FE PA's misleading predictions of customer-generators coming online by 2029 result in overstated impacts in default supply rates attributable to the growth in net-metered customer-generators. FE PA relies upon Mr. Young's inflated estimates to

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[18] CGC St. 1, pp. 7-8.

[19] JSA St. 1-S, pp. 16-17.

[20] *Id.* at 17.

[21] *Id.*; *see also* GCG St. 1, p. 19.\ FE PA Main Brief, p. 23.

[22] OCA Main Brief, p. 20.

justify the "need to address the escalating impact from customer-generator growth on other default service customers."[23] While the JSA acknowledges that net metering growth will have some impact on the Commercial default service class, FE PA's projected impact to the PTC Rider rates should not be relied upon since it is based upon unreliable and unsupported analysis.

C. Costs and Benefits of Customer-Generators

1. PTC Rider vs. HP Rider

FE PA is seeking to move certain customer-generators from the PTC Rider to the HP Rider to solve an overstated problem that is based solely on hypothetical scenarios. FE PA claimed that its analysis "demonstrated dramatic increases in net metering expense even under low increases in the number of customer-generators in FE PA's service territory, with higher estimates of just 50% completion of current projects in FE PA's interconnection queue resulting in net metering expense for commercial PTC Rider customers of nearly $544 million."[24] However, as discussed above, FE PA's inaccurate predictions of customers-generators coming online by 2029 has resulted in misleading estimated rate impacts to the Commercial class. FE PA's solution to this exaggerated problem—reclassifying customer-generators—comes with significant financial consequences to customer-generators that have already invested in their projects. FE PA's solution to this problem—moving customer-generators to the Industrial default service class—should come with an appropriate grandfathering period to protect the investments that customer-generators have already made.

Also, FE PA's projected increases in net metering expenses for Commercial PTC Rider customers by 2029 wrongfully assume that customer-generators' excess generation provides only an avoided energy benefit.[25] FE PA's projections fail to account for the

[23] FE PA Main Brief, p. 24.

[24] *Id*. at 23-24.

[25] JSA St. 1-S, p. 14.

avoided capacity and transmission benefits from net-metered excess generation.[26] By not accounting for these benefits, FE PA is substantially inflating the cost impact on the Commercial default service class due to net-metered customer-generators.[27]

2. Risk Premiums

The JSA restates the information for this section that is provided in its Main Brief.

3. Negative Peak Load Contribution and Negative Network Service Peak Load Contribution

It is difficult to understand why FE PA continues to refuse to simply remove the artificial floor it places on customer load measurements and leverage customer-generators' existing AMI meters to measure negative PLCs. This adjustment would allow the full value of the capacity and transmission cost savings from the customer-generators' excess generation to flow to the Commercial and Industrial default service customers. Measuring negative PLCs allows the default service customers that pay for net-metered excess generation to realize all of the capacity and transmission savings provided by net-metered projects. Currently, those capacity and transmission benefits are broadly spread across customers outside of the customer-generator's default service rate class. Stated simply, the Commercial and Industrial default service customers that pay for 100% of the net-metered excess generation should be allowed to keep 100% of the associated benefits. That is currently not permitted by FE PA due to its arbitrary floor of zero on the measurement of the individual customer load.

FE PA acknowledged in its Main Brief that PLCs "are, in actuality, accounting constructs . . . ."[28] FE PA is correct that measuring negative PLCs is an accounting construct; but more importantly it is an accounting mechanism that properly allocates the costs and benefits of the excess generation to the appropriate default service rate class.

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[26] *Id.*

[27] *Id.* at 16.

[28] FE PA Main Brief, p. 28.

After correctly stating that negative PLCs are an accounting mechanism, FE PA then provided incomplete and misleading information about the cost reduction benefits from measuring negative PLCs. FE PA stated that JSA witness Michelman calculated "the net metering costs through 2029 (JSA Exhibit TM-10) based on Mr. Young's 'mid-case' projections assuming negative PLCs and NSPLs are permitted, and found a $29.7 million cost impact to default service customers of additional customer-generators in 2029 (and 22% increase in the PTC for Penn Power customers) as 'almost neutral.'"[29] But FE PA omitted the relevant portion of Mr. Michelman's testimony about the negative monetary impact on FE default service customers if negative PLCs and NSPLs are not allowed. Mr. Michelman testified that:

> accounting for the benefits side of the ledger – even conservatively, as I have done here -- meaningfully reduces the cost impact associated with customer-generators on the Commercial PTC Rider. And most importantly, this analysis shows that when [the JSA's] proposed PLC and NSPL reforms are accounted for, the cost impact to default service customers is almost neutral. While I have not completed an analysis and forecast of the assuming the Exhibit DMY-7 mid-case growth rate assumption are correct, my analysis also highlights that *not allowing for negative PLCs and NSPLs will cost FE default service customers $7.7 million in 2026, rising to $108.9 million in 2029. These are real monetary benefits that, absent action from the Commission directing FE to change its practices, will be shared among customers in Ohio, Maryland, Virginia, and West Virginia. These monetary benefits should instead be allocated to the default service customers that are paying for the customer-generators' services by implementing [the] negative PLC/NSPL framework*. (Emphasis added.)[30]

Moreover, FE PA did not just omit information about the cost savings from negative PLCs, FE PA also provided misleading information about the monetary impact of negative PLCs. FE PA stated that negative PLCs

> result in different allocations of costs between utility customers (including FE PA customers in other default service classes) with uncertain actual capacity and transmission benefits: "If a customer-generator's PLC is

[29] FE Main Brief, p. 27; *see also* JSA St. 1, p. 60; JSA Ex. TM-10.

[30] JSA St. 1, pp. 60-61.

reduced through a negative PLC, then another customer, presumably a non-customer-generator in the same customer class, will pay more."[31]

FE PA's statements are simply wrong. First, FE PA incorrectly alleged that the use of negative PLCs and NSPLs will result in uncertain capacity and transmission benefits. The OCA disputed in part FE PA's allegation, stating that "[OCA] witness Ogur recognized that, if a customer-generator's negative PLC and negative NSPL reliably reflect actual capacity and transmission benefits, compensation based on those values *could* align payments with the value provided."[32] However, JSA witness Michelman made clear that negative PLCs and NSPLs provide credit for resources that measurably reduce net load during relevant peak hours. In other words, negative PLCs and NSPLs are only generated when a resource performs during the peak period that determines capacity and transmission cost allocations, meaning that the benefits only accrue to the default service customers if the customer-generators export excess energy during the relevant peak period.[33] Just because the capacity and transmission cost reductions from customer-generators are not perfectly predictable does not mean that the benefits do not exist.[34]

Second, FE PA, along with OCA, also claimed that the use of negative PLCs would result in additional costs being shifted to the non-customer-generators in the Commercial default service class.[35] That is unequivocally not true. In fact, the opposite is true—non-customer-generators in the Commercial class will receive cost savings due to the excess generation. FE PA's and OCA's incorrect belief that the non-customer-generators in the customer-generators' default service rate class will pay more if negative PLCs are measured was corrected during the evidentiary hearing. During the evidentiary hearing, FE PA witness Hussing acknowledged that the customer-generators are not

[31] FE PA Main Brief, pp. 28-29; *see also* FE PA St. 6-R, p. 5.

[32] OCA Main Brief, p. 22; *see also* OCA St. 1SR, p. 37.

[33] JSA St. 1-S, p. 31.

[34] JSA St. 1-S, p. 30.

[35] FE PA Main Brief, p. 29; OCA Main Brief, p. 21.

asking to use negative PLCs so that customer-generators could receive more compensation.[36] Mr. Hussing was clear in his testimony that a possible effect of the use of negative PLCs "would be less cost, you know, in the commercial class allocation and more classes [sic] [costs] move[d] to other classes."[37] Mr. Hussing also testified as follows:

> Q. So there would be less cost to the commercial default service class, but those that [sic] default service class is paying for the cost of the customer generator? Is that correct?
>
> A. (Mr. Hussing) Yes.[38]

FE PA witness Young's Exhibit DMY-7 Revised purports to show estimated net metering cash out expense impacts on the PTC default rate. However, FE PA failed to include the additional avoided capacity and transmission benefits as part of that revised Exhibit.[39] Had FE PA accounted for the additional avoided capacity and transmission benefits in its Exhibit DMY-7 Revised, FE PA's estimated net metering expenses would have been significantly reduced.[40]

4. Other Costs and Benefits

The JSA restates the information for this section that is provided in its Main Brief.

D. Compliance with Applicable Laws and Regulations

The JSA restates the information for this section that is provided in its Main Brief.

E. Grandfathering Proposals

In its request that the Commission approve its short, two-year grandfathering proposal, FE PA focused exclusively on the rate impacts to the default service rate districts and Penn Power's Rate District in particular from the JSA's 25-year

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[36] Tr., p. 141.

[37] Tr., pp. 143-44.

[38] *Id.* at 144.

[39] JSA St. 1-S, p. 15.

[40] *Id.* at 16.

grandfathering proposal and failed to consider a 10-year grandfathering period that would be consistent with the grandfathering period that the Commission approved in the PPL rate case. FE PA defended its short grandfathering period by focusing in large part on the impact to Penn Power's Rate District (that is smaller in size than the other default service rate districts): ". . . if just the eleven operating facilities in Penn Power's Rate District were grandfathered for 25 years, the Penn Power PTC would increase by 23,660%."[41] FE PA maintained that the JSA's proposed 25-year grandfathering period would result in rate increases to the FE PA's rate districts much greater than the increases in the settlement approved in the PPL rate case, where a 10-year grandfathering period with a 140 MW cap on customer-generator projects was expected to result in a PTC increase of only \$0.02/kWh.[42]

In its Main Brief, the JSA proposed an alternative to its 25-year grandfathering proposal to mitigate the rate impacts to FE PA's default service rate districts and especially Penn Power's Rate District.[43] The JSA proposed a grandfathering model similar to the model that the Commission supported and found to be prudent in its PPL rate case order for all rate districts, except the uniquely situated Penn Power Rate District. Because the small size of Penn Power's Rate District would result in a greater rate impact than the other rate districts, the JSA proposed more protection for Penn Power: a grandfathering period of less than 10 years with a MW cap. Such treatment of the Penn Power Rate District would be consistent with the Commission's decision in the PPL rate case in which the Commission provided an exception to the "agricultural customer-generators" being subject to the MRPL classification,[44] (*i.e.*, separate treatment to account for differing circumstances.) The JSA's alternative proposal would accomplish the objectives of both FE PA and the customer-generators—greater protection would be

[41] *Id.* at 33.

[42] FE PA Main Brief, pp. 33-34.

[43] JSA Main Brief, p. 40.

[44] *See* PPL Order, pp. 223-24.

provided to the rate districts and Penn Power's Rate District in particular, and, at the same time, there would be reasonable transition protections for the customer-generators.

The JSA's alternative proposal is consistent with the Commission's recent approval of the settlement with a 10-year grandfathering period in the PPL rate case that included the exception for the agricultural customer-generators. Chairman Stephen M. DeFrank's Statement on June 4, 2026 expressed support of the 10-year grandfathering period in the PPL settlement:

> Before the Commission is rate filing of PPL Electric Utilities Corporation (PPL or the Company) as well as the non-unanimous Settlement thereto. I would like to take the opportunity to highlight some pivotal issues addressed within the proposed Settlement.
>
> First I note the maximum registered peak load (MRPL) provision designed to address a structural mismatch in how default-service customers, particularly large net-metered solar facilities, are classified for generation supply service. PPL's current design does not appropriately recognize the generation and demand characteristics of the growing segment of "no-load" or "minimal-load" solar facilities, which are batched in with small businesses even though their generation profiles are often sized up to three Megawatts (MWs). To address this inequity, the Settlement includes the MRPL provision designed to categorize net-metering facilities into an appropriate default service rate class. The MRPL is similar to the Supply Peak Load Plan proceeding.[45] In summary, the new definition would categorize net-metering customers based on their net power flow either from, or into, the distribution system.
>
> As I have stated in recent testimony, the influx of merchant solar generation into the net-metering marketplace is creating a very real affordability concern.[46] The Commission estimates a $700 million annual cost in in the long-run. *The instant Settlement not only addresses the inequity of default service rate classification but also works to quell this affordability concern in PPL's service territory.* Here, existing customers will be grandfathered at their existing default service categorization for ten years. Further, net-

[45] Petition of UGI Utilities, Inc. – Electric Divisions for Approval of a Default Service Plan, Docket No. P-2024-3049343.

[46] Testimony submitted before the Pennsylvania House Energy Committee on April 14, 2026.

> metering applicants who have submitted an interconnection application with PPL before September 30, 2025, will be grandfathered in a tranche up to 140 MWs. *I find such terms to be prudent.*[47] (Emphasis added.)

Notably, the Commission commended the PPL settlement because it "preserves reasonable transition protections for customer generators."[48]

FE PA claims to have offset some of the harm to customer-generators from its short two-year grandfathering period by a last-minute addition to the Joint Petition. This additional provision calls for a 15-year period in which the HP Rider will include capacity and line losses absent a material change in the capacity markets operated by PJM.[49] But that provision in no way mitigates the harm to the customer-generators. Instead, it will cause more harm to the customer-generators. As discussed in detail in the JSA's Main Brief, this late-added provision was not proposed or vetted by the parties prior FE PA adding it to the Joint Petition. Had the parties had an opportunity to comment on it, the parties could have alerted FE PA to its unintended consequences. Among other issues that were discussed in detail in the JSA's Main Brief, the provision will lead to increased market uncertainty and increased project financing costs. The Commission should therefore strike this provision from the Joint Petition.

III. CONCLUSION

The JSA reiterates its requests in its Main Brief that the Commission:

1. Adopt the JSA's grandfathering proposal or, in the alternative, adopt a grandfathering period consistent with the model approved by the Commission in the PPL rate case with a shorter grandfathering period with a MW cap for Penn Power's Rate District;

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[47] *See Opinion and Order, PA Public Utility Commission, et al. v. PPL Electric Utilities Corporation,* Docket No. R-2025-3057164 (June 11, 2026).

[48] *Id.* at 194, 202.

[49] FE PA Main Brief, pp. 32-33.

2. Direct FE PA to measure negative PLCs and negative NSPLs of individual customer-generators to ensure that the default service customers that pay for the excess generation receive the full value of the benefits derived from the excess generation, or, in the alternative, initiate a new statewide proceeding to consider measuring negative PLCs and NSPLs by all electric utilities in Pennsylvania, including FE PA; and

3. Strike the following provision from the Joint Petition:

> For purposes of determining compensation for net excess generation for customer-generators taking service under the Hourly Pricing ("HP") Rider, the compensation shall include capacity and line loss portions of the HP Rider until May 31, 2041, absent a material change in the capacity markets operated by PJM. In the event of such an occurrence, FE PA will notify and meet with parties to the Settlement, including Walmart, to discuss the proposed changes and their impact on customer-generator compensation at least 30 days in advance of such a PUC filing being made.

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Dated: July 22, 2026

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Petition of FirstEnergy Pennsylvania Electric Company for Approval of its Default Service Program for the Period June 1, 2027 to May 31, 2031	: : : :	Docket No. P-2026-3060298

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing Joint Solar Advocates Reply Brief upon the parties listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a party).

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