

# The Power Line

PPL ELECTRIC UTILITIES NEWSLETTER / FEBRUARY 2025

## Addressing Pennsylvania's Looming Energy Crisis

### *A message from PPL Electric Utilities President Christine Martin*

At PPL Electric Utilities, ensuring that Pennsylvanians have access to safe, reliable and reasonably priced electricity is our top priority.

As I explain in the following op-ed, PJM's current capacity market and Pennsylvania's energy policy passed almost 30 years ago may have worked when electricity demand was flat and baseload generation, like coal and nuclear, was plentiful is now ill-equipped to serve Pennsylvanians and our energy future. One only needs to look at the sheer number of federal complaints and interventions from varied stakeholders pointing to price volatility, pressure on customers' wallets and a lack of new generation resources as evidence of a market that is not functioning well.

By taking proactive steps now, to modernize energy laws and allow electric distribution companies the ability to invest in generation, we can ensure that Pennsylvania continues to have the reliable energy needed for economic growth, job creation and community prosperity while driving changes that will protect customers, businesses, and communities, ensuring reasonably priced electricity and energy security for future generations.

I encourage you to read the op-ed below and continue the conversation with us, PPL Electric Utilities.

*In both Pennsylvania and the surrounding region, a perfect storm is brewing in the energy sector. Rising demand for electricity and retiring power plants are on a collision course, and if Pennsylvania does not take action now, the reliable power we all depend on is at risk.*

*With every passing month, this impending supply/demand imbalance, often referred to as a gap in resource adequacy, has risen in importance and Pennsylvania lawmakers, regulators and electric utility companies are highlighting the need for action. I recently spoke at the Senate Democratic Policy Committee hearing to share PPL Electric Utilities' thoughts on resource adequacy and recommended solutions.*

*The importance of ensuring that Pennsylvanians have access to safe, reliable and reasonably priced electricity cannot be overstated. Every home, business and industry depend on a steady supply of power – whether it's keeping the lights on for customers, supporting a local factory or ensuring our hospitals stay operational. But in just a few short years, unless new generation resources come online to meet significant projected increases in customer usage, our region, and possibly the state itself, will lack sufficient power generation resources, leading to more expensive and less reliable electric service.*

**“The importance of ensuring that Pennsylvanians have access to safe, reliable and reasonably priced electricity cannot be overstated.”**

*The problem is twofold. First, a substantial portion of the existing generation portfolio in PJM, the regional transmission organization for 13 states, including Pennsylvania, is at risk of retirement in the coming years. According to a March 2023 report from PJM, up to 40,000 megawatts of existing generation could retire as soon as 2028 without firm replacement resources in place. Second, we are expecting a dramatic increase in the amount of electricity customers use, driven largely by data centers and the growing trend of electrification across industries.*

*PPL Electric and other regulated electric utilities in Pennsylvania own and operate the poles and wires that deliver electricity to customers and have a legal duty to deliver adequate, efficient, safe and reliable service at reasonable rates. However, under current law, your local utility is not allowed to own and operate electric generation assets, such as power plants or renewable resources. In Pennsylvania, customers can choose to shop for their generation supply or have it purchased on their behalf by*

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## Addressing Pennsylvania's Looming Energy Crisis (continued)

*their regulated utility. Regardless, regulated electric utilities are obligated to deliver electric service safely and reliably to all customers at fair and reasonable rates. Generators in PJM have no similar obligation to serve.*

*For nearly three decades, our state's electricity generation market has been reliant on competitive generators to meet demand and respond to market forces determining where and when new generation will come online. Yet, as we see today, those market forces are failing to deliver.*

*While the market was designed to lower costs for customers by encouraging competition, the system is no longer working as intended. This is evidenced by the skyrocketing power supply prices driven by increasing capacity market clearing prices – up more than eight-fold from \$28.92 per megawatt-day in 2024 to \$269.92 per megawatt-day in 2025 – and recently highlighted in a complaint filed by Gov. Josh Shapiro. This increase represents about a \$15 per month increase to the supply portion of the bill for an average residential customer in PPL Electric's service territory.*

*Unfortunately, further supply market price increases are expected. Despite these higher prices, not enough new generation is being built in the short timeframe it is needed to offset these higher prices. That means our customers are paying, and will continue to pay, significantly more for generation on their electric bills. This is a fundamental flaw in how the PJM capacity market works.*

*The question now is: How can we avoid a resource adequacy crisis in Pennsylvania? PPL Electric believes the answer lies in putting the power to address resource adequacy back in Pennsylvania's hands by updating the state's decades-old energy laws.*

*The time is now to adopt a modern, comprehensive state energy policy. We cannot simply wait for the market to "fix" the issue,*

*especially when that same market is failing to bring new generation capacity online in a timely manner. PJM is working on market reforms, and while these are steps in the right direction, they are unlikely to address the immediate crisis facing Pennsylvania and our region.*

*We believe Pennsylvania must take charge of its energy future rather than being wholly reliant on a regional market and merchant generators to deliver critical generation resources. PPL Electric proposes a more moderate, state-focused approach that will enable Pennsylvania to implement a "no regrets" strategy that addresses impending energy shortfalls and provides the state with additional tools to help protect customers from price volatility and reliability concerns.*

**"The solution to our looming resource adequacy crisis lies in striking a balance, one that does not abandon market principles, but provides a safety net to ensure that consumers are not left in the dark."**

*One way to do this is to allow regulated electric utilities to invest in generation resources, up to and including owning and operating generation resources again. This would complement the competitive market by addressing resource adequacy gaps, rather than relying solely on market forces to deliver a solution.*

*The current model no longer meets the needs of Pennsylvanians. If we do not act now, we risk further price spikes, generation shortages, and, ultimately, service disruptions. The solution to our looming resource adequacy crisis lies in striking a balance, one that does not abandon market principles, but provides a safety net to ensure that consumers are not left in the dark. It is time to give Pennsylvania the tools it needs to secure its energy future, before it is too late.*

### PPL Electric Testimony on Resource Adequacy

Recently, PPL Electric leaders provided testimony to state legislators regarding our recommendations around resource adequacy and the need to adopt a modern, comprehensive state energy policy.

**Read our testimony here:**

[Senate Democratic Caucus Policy Committee Meeting](#) (January 23, 2025)

[Senate Consumer Protection and Licensure Committee Meeting](#) (January 28, 2025)

## Approved Default Service Plan Keeps Customer Satisfaction at the Forefront

PPL Electric Utilities recently received approval of its sixth Default Service Plan (DSP VI) that provides guidelines for the company's procurement of default supply service for customers who choose not to participate in the retail electric market. While some customers actively choose retail supply products higher than PPL Electric's price to compare (PTC) for a variety of reasons, in 2024, the total population of residential customers shopping for electric supply were billed \$55.9 million more than PPL Electric's PTC.

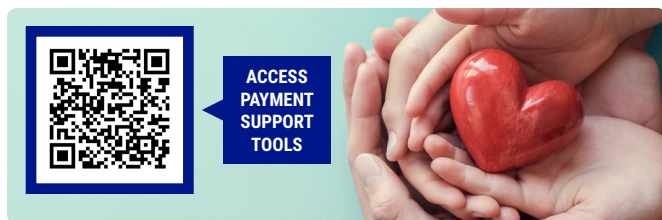
DSP VI, which spans a four-year period from June 1, 2025, through May 31, 2029, includes several provisions intended to improve customers' experience with default service.

"The new DSP VI was designed with our customers at the forefront," said Christine Martin, PPL Electric Utilities President. "We are pleased that we were able to gain PUC approval of a full settlement with various stakeholders, including the Office of Consumer Advocate and the Retail Energy Supply Association."

Key changes to the Plan include:

- Procurement of supply through the use of 12-month Full Requirements, 24-month Full Requirements, 10-year Block and 20-year PA solar alternative energy credit (or AEC contracts) to provide default supply at the least cost over time, price stability and maintain reliable service to customers with a mix of energy resources.
- Discontinuation of the Standard Offer Program (SOP) that historically has shown that customers pay more than Default Service rates when failing to act once their SOP contract expires.
- Ability for PPL Electric to automatically return shopping customers who are approved for the Company's OnTrack Customer Assistance Program to default service upon enrollment. This change removes a potential barrier to entry and prevents a supplier from charging an early termination fee.
- Retains Time of Use rate with seasonal hours of 2:00 – 6:00 p.m. in the summer and 4:00 – 8:00 p.m. in the winter.

This is part of our continuing efforts to improve customers' experience when on Default Service.



## We have payment plans and assistance programs for every household

We understand each household and family across our territory is unique. That's why we offer a range of options to help customers manage their bills and make it as affordable as possible.

### Options for all customers:



**Payment arrangements:** Get help paying off a past-due balance over time.



**Budget billing:** We'll take the average of your last 12 months of electric use to make your monthly payments more predictable.



**Due date extension:** If you're current with your bill but need a little extra time to pay, apply for an extension.



**Due date changes:** If your balance is paid in full, you can select a due date that fits your pay schedule or budget.

### Assistance for income-eligible customers:



**OnTrack:** Get a fixed monthly payment based on your income. You may qualify for debt forgiveness, too.



**Operation HELP:** Grants for homeowners and renters to help pay your electric bill



**WRAP:** Free energy-saving products and services to help reduce your electricity use.



**LIHEAP:** Grants up to \$2,000 to help pay your winter heating bills or prevent a shut-off.

Get started at [ppl electric.com/BillHelp](https://ppl electric.com/BillHelp).

Customer Service and billing questions **1-800-342-5775**

Connect with us @PPLElectric    

## A critical partner in economic growth

Electricity is a keystone for economic growth. Maintaining a strong, reliable electric grid and reasonable prices helps ensure that companies invest in communities within our service territories.

When PPL Electric learned about plans for a business park that would help drive economic growth in rural Pennsylvania, the company collaborated with developers and businesses to create an infrastructure plan that became a critical component in attracting business and improving reliability for all customers in the area.

The project included construction of a new 69-to-12kV distribution substation; over two miles of new overhead distribution lines; and several new remotely operable smart grid devices.

The completed Great Stream Commons business park is a great example of how the company collaborates with developers and businesses to support commercial and industrial growth in the communities we serve.



At the event, Pennsylvania Governor Shapiro announced that Pennsylvania won a multi-state competition for new business from Italian pasta manufacturer Il Pastaio to support the company's first pasta manufacturing facility in North America. This \$12.5 million investment, which will create 74 new full-time jobs in Union County, was facilitated by PPL Electric's infrastructure investments / or improvements.

Photo courtesy of Focus Central Pennsylvania.

## Live Line Safety Event at the Pennsylvania Farm Show

On January 9, PPL Electric hosted a demonstration of its Live Line Safety Exhibit at the 109th Annual Pennsylvania Farm Show in Harrisburg. PPL Electric President Christine Martin opened the event by celebrating the essential role that agriculture plays in the economy of Pennsylvania. Joining Christine in providing remarks were PUC Chairman Stephen M. DeFrank, Department of Agriculture Bureau Director Frank Schneider, and PEMA Director Randy Padfield. The PPL team demonstrated the dangers of contacting electrical lines – above and below ground – to more than 100 attendees.



Doug Haupt, PPL Electric's manager Public Safety led the Live Line Safety exhibit at the PA Farm Show emphasizing the electrical dangers the agricultural community faces and how to safely work around them.