

## GENERATION SUPPLY CHARGE-2

The Generation Supply Charge-2 (GSC-2) shall be charged to customers in the Large Commercial & Industrial Customer Class who take default service from the Company under Rate Schedules GS-3, LP-4, LP-5, LP-6, and standby service for the foregoing rate schedules. Subject to the grandfathering provisions set forth in Rate GSC-1, the GSC-2 will not apply to those Rate Schedule LP-4 customers who have a Maximum Registered Peak Load of less than 100 kW, but the GSC-2 will apply to those Rate Schedule GS-3 customers who have a Maximum Registered Peak Load of 100 kW or greater. The GSC-2 shall have one rate option provision: Hourly Default Service Option.

### PURPOSE

The Hourly Default Service Option provides default service to eligible customers in the Large Commercial & Industrial Customer Class who have not selected an EGS.

### PRICING PROVISIONS

All of the following charges apply to this rate option.

- **GSC-2 Energy Charge per KWH:** The product of actual real-time LMPs at the PPL Residual Aggregate Node as reported by PJM for each hour of the billing month expressed in cents per KWH multiplied by the customer's actual energy use, adjusted for losses, during each hour of the billing month.
- **GSC-2 Capacity Charge:** The product of the RPM price of capacity expressed in dollars per KW-Day, as reported by PJM for the PL Zone, for the applicable billing month times the customer's fixed peak load capacity obligation, as determined by the Company in accordance with the applicable PJM Agreements, multiplied by the number of days in the billing month.
- **GSC-2 Administrative Charge per KWH:** The product of all administrative charges (both the supplier's charges and PPL Electric's charges) expressed in cents per KWH multiplied by the customer's actual energy use, adjusted for losses, during each hour of the billing month. The supplier's charges shall be the supplier's winning bid in PPL Electric's most recent solicitation for supply of default service to customers in the Large C&I Customer Class. The supplier's charges may include, but are not limited to, the costs of transmission service (other than non-market-based transmission service charges), ancillary services, congestion management costs, and such other services or products that are required to supply hourly default service to customers in the Large C&I Customer Class, including AECs. PPL Electric's charges shall be a monthly pro rata amortization of the actual costs incurred by the Company to acquire generation supply from any source for the Large C&I Customer Class during the most recent 12-month period ended May 31 (as determined by amortizing such costs ratably over a 12-month period) plus the monthly amortization of the cost of administering that program prior to June 1, 2025 (as determined by amortizing such costs ratably over the 48-month period June 1, 2025 through May 31, 2029). In addition, the initial computation period will include any remaining over or undercollection balance related to application of the GSC-2 for the Large Commercial and Industrial Customer Class.

**GENERATION SUPPLY CHARGE-2 (CONTINUED)**

The following rate components of the GSC-2 shall be filed with the Commission thirty (30) days prior to each application year (June 1 through May 31). The rate components subject to this filing requirement are: (1) the supplier's charges to be included in the GSC-2 Administrative Charge and (2) PPL Electric's charges to be included in the GSC-2 Administrative Charge. The reconciliation of the GSC-2 will be the difference between the actual administration costs incurred and the applicable billed revenue for the computation period. These rate components, as well as any net over or undercollection of these rate components as of the end of the 12-month period ending March 31 immediately preceding the computation period and set forth as a separate E-factor reconciliation component, shall become effective for Default Service rendered on and after the following June 1, and shall remain in effect for a period of one year.

By May 1 of each year, the Company will file with the Commission the experienced net over or undercollection of the GSC-2 associated with the above-identified costs that are incurred to provide generation supply for participating Default Service customers as of the end of the calendar month ending two months prior to the computation period, including applicable interest. Interest shall be computed monthly from the month the over or undercollection occurs to the month in which the overcollection is refunded or the undercollection is recouped. Interest on recoveries of undercollections shall be calculated at the prime rate of interest. Interest on refunds of overcollections shall be calculated at the prime rate of interest, not to exceed the legal rate of interest.

The Pennsylvania GRT rate (exclusive of Part 2 of the State Tax Adjustment Surcharge (STAS) within the tariff) in effect during the billing month shall apply to charges under the GSC-2.

Minimum bills shall not be reduced by reason of the GSC-2, nor shall GSC-2 charges be a part of the monthly rate schedule minimum. The GSC-2 shall not be subject to any credits or discounts, but Part 2 of the STAS shall apply.

Application of the GSC-2 shall be subject to continuous review and audit by the Commission at intervals it shall determine. The Commission shall review the reasonableness and lawfulness of the level of charges produced by the GSC-2 and the costs included therein.

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**GENERATION SUPPLY CHARGE-2 (CONTINUED)**

**COMPENSATION FOR NET EXCESS GENERATION**

For purposes of determining compensation for net excess generation for customer-generators taking service under Rate GSC-2, such compensation shall include (i) the capacity portion of Rate GSC-2 as defined hereafter, (ii) line losses; and (iii) a gross-up of the generation component for the Gross Receipts Tax (“GRT”). The capacity portion shall equal the PJM Reliability Pricing Model price expressed in dollars per kW-Day, as reported by PJM for the PL Zone, multiplied by the total obligation peak load for the Large Commercial & Industrial (“Large C&I”) class<sup>4</sup> for the applicable GSC-2 period, divided by the total forecasted Large C&I kWh load for the applicable GSC-2 period.

PPL Electric shall compensate each customer-generator taking service under Rate GSC-2 for excess generation produced by that customer-generator based on all of the following components:

- a. Energy, based on an average of actual daily, real-time Locational Marginal Prices at the PPL Residual Aggregate Node as reported by PJM over the most recent previous 6-month period.
- b. HP Adder, which is the supplier’s winning bid in PPL Electric’s most recent solicitation for supply of default service to customers in the Large C&I Customer Class. The supplier’s charges may include, but are not limited to, the costs of transmission service (other than non-market-based transmission service charges), ancillary services, congestion management costs, and such other services or products that are required to supply hourly default service to customers in the Large C&I Customer Class, including Alternative Energy Credits.
- c. Capacity, as determined by this section of the Tariff.
- d. E-Factor, which adjusts the Rate GSC-2 for the net over or undercollection of the Rate GSC-2 rate components as of the end of the 12-month period ending March 31 immediately preceding the computation period, including applicable interest as set forth in Rate GSC-2 of the Retail Tariff.
- e. Administrative Charges, based on PPL Electric’s portion of administrative charges expressed in cents per kWh times the customer’s actual energy use, adjusted for losses, during each hour of the billing month.

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<sup>4</sup> The Large C&I customer class consists of distribution Rate Schedules GS-3 (>100 kW) and LP-4 (>=100 kW).

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**GENERATION SUPPLY CHARGE-2 (CONTINUED)**

- f. Transmission, as defined as follows:
  - i. For purposes of compensation for net excess generation, Rate GSC-2 customer generators on distribution Rate LP-4, the transmission compensation is converted from a kW rate to a kWh rate by taking the Large C&I – Primary Billing Demand Rate (\$/kW) (w/GRT) from the PPL Transmission Service Charge (“TSC”) filing, multiplying by the Large C&I - Primary Bill Demand kW reported in the TSC filing, and then dividing by the Large C&I – Primary Projected Total Retail KWH Sales to Customers reported in the TSC filing. The estimated kW and kWh in the TSC filing are derived from PPL Electric’s load forecast. The rate for the current six-month period is calculated from the rate in effect during the prior six-month period.
  - ii. For GSC-2 customer generators on distribution Rate GS-3, transmission compensation is the Small C&I TSC rate in effect during the prior six-month period.

Through the period ending December 31, 2041, PPL Electric will not propose, as part of any Commission proceeding, to make any changes to the structural components of Rate GSC-2 as described in this section of the Tariff that would result in different components being used for calculating the Rate GSC-2 rate paid by non-customer-generators and the Rate GSC-2 rate used to determine the net metering compensation for customer-generators.

**MRPL EXEMPTION FOR AGRICULTURAL CUSTOMER-GENERATORS**

Pursuant to the Commission’s Opinion and Order entered June 11, 2026, agricultural customer-generators shall not be subject to the MRPL classification adopted in Paragraphs 98 through 105 of the Joint Petition for Non-Unanimous Settlement of All Issues.