BEFORE THE PENNSYLVANIA SENATE
MAJORITY POLICY COMMITTEE AND ENVIRONMENTAL RESOURCES & ENERGY COMMITTEE
PUBLIC HEARING

"PREVENTING FUTURE PRICE SPIKES IN OUR ELECTRIC BILLS: SUPPLY AND DEMAND"

WRITTEN TESTIMONY OF DANIEL J. WEAVER
PRESIDENT AND EXECUTIVE DIRECTOR
PENNSYLVANIA INDEPENDENT OIL & GAS ASSOCIATION

Chairman Argall, Chairman Yaw, and Members of the Committees:

Thank you for the opportunity to provide testimony on an issue that goes directly to the affordability, reliability, and economic competitiveness of Pennsylvania: how the Commonwealth can prevent future electric price spikes by addressing the fundamental imbalance between rapidly growing electricity demand and the pace at which new supply and infrastructure can be added. My name is Dan Weaver, and I serve as President and Executive Director for the Pennsylvania Independent Oil & Gas Association (PIOGA). With me is Todd Pappasergi, PIOGA's General Counsel and Vice President of Governmental Affairs. PIOGA represents producers, service companies, and energy innovators across Pennsylvania, including conventional natural gas operators that are actively evaluating ways to convert locally produced natural gas into locally produced electricity.

PIOGA's central message today is straightforward. Pennsylvania will need large-scale generation and transmission investment, but those investments cannot be the Commonwealth's only answer to a supply-and-demand problem that is developing faster than traditional infrastructure can be planned, permitted, interconnected, financed, and built.

First, let me begin by saying that we agree wholeheartedly with our friends at the Marcellus Shale Coalition today that natural gas production continues to be the keystone of Pennsylvania's energy portfolio. To that end, PIOGA counts as members producers, operators, and energy allies from all walks of the natural gas and petroleum oil industry, and that includes both conventional and unconventional industry members.

Especially given our important role with the conventional producers, however, our testimony today is going to focus on how natural gas can actually be a game changer in the alternative energy space through what is known as distributed, customer generation. Distributed, customer generation should and must be treated as part of the supply solution. When electricity is generated at or near the place it is consumed, the customer's net demand on the grid falls immediately. When generation exceeds the customer's on-site needs, that excess can supply electricity locally through the distribution system. Both effects matter in a system in which demand is growing, reserve margins are tightening, infrastructure is aging, and customers are already seeing the consequences of scarcity in wholesale and capacity prices.

To assist the Committees, PIOGA is submitting two supporting documents with this testimony. Attached as Exhibit A-1 is the Executive Summary of *Powering Pennsylvania: Why Customer-Generation Matters Now - Natural Gas, Distributed Energy, and a Balanced Path for the Commonwealth*. Attached as Exhibit A-2 is the full white paper of the same title. The white paper is a joint project of PIOGA and three of our members: Penneco Environmental Solutions, LLC, Kriebel Energy, and T&F Exploration. It examines the role of distributed energy resources in Pennsylvania's changing electric system, the private investment model behind customer-generation, the potential use of conventional and stripper-well natural gas for distributed electricity generation, and the relationship between compensation policy and investment. This testimony focuses on the portions of that analysis most directly relevant to the subject of today's hearing: supply, demand, and electric affordability.

I. A Practical Senate Agenda for Distributed Energy and Affordability

If the General Assembly's objective is to prevent future price spikes by improving the supply-and-demand balance, PIOGA respectfully suggests several practical principles for distributed energy policy.

- First, treat customer-generation as part of Pennsylvania's supply strategy, not solely as a net-metering billing issue. The amount of electricity produced behind the meter should be evaluated in terms of the load it offsets, the excess electricity it exports, its timing, its location, and its contribution during constrained periods. Rate design matters, but it should follow a complete understanding of system function rather than substitute for it.
- Second, preserve a technology-neutral pathway for qualifying distributed resources, including conventional natural-gas generation. Pennsylvania's challenge is too large to exclude resources that can operate during periods when weather-dependent generation is unavailable. Gas, solar, storage, waste-derived fuels, combined heat and power, and other qualifying technologies should be evaluated according to the operational value they can provide at a particular site.
- Third, improve the data available to policymakers. Pennsylvania should have a reliable accounting of customer-generator nameplate capacity, actual annual production, on-site load offset, exports, time-of-day production, contribution during system peaks, interconnection costs paid by customers, utility upgrades financed through those interconnections, and identifiable transmission or distribution costs caused or avoided by distributed resources. Without that information, both claims of enormous customer-generator benefits and claims of enormous customer-generator costs risk being driven by assumptions rather than a complete record.
- Fourth, incorporate distributed resources into long-term planning tools. The white paper explains that conventional utility planning models were developed around centralized generation and may not fully evaluate distributed resources as selectable alternatives. Pennsylvania should encourage planning methodologies that can compare utility-scale generation, transmission expansion, distributed generation, storage, demand flexibility, and combinations of those resources on a common system-cost basis. If distributed resources are never modeled as an option, planners cannot determine where they may be the least-cost solution.
- Fifth, focus on interconnection speed and transparency. One of distributed generation's principal advantages is modularity and the potential for faster deployment. That advantage is lost if projects encounter unclear requirements, repeated studies, unpredictable upgrade charges, or multi-year delays. Safety and reliability standards

must remain rigorous, but the process should be standardized enough that qualified projects can understand the cost and timeline of connecting to the grid.

- Sixth, consider targeted pilots or development pathways for conventional-well distributed generation and combined heat and power. Pennsylvania has an unusual advantage: an existing network of conventional wells, industrial sites, rural energy infrastructure, and experienced operators. A focused program could identify locations where legacy gas resources, local load, available distribution capacity, heat recovery, and potentially storage can be combined to produce the greatest system value. The objective should be to measure performance, costs, peak contribution, interconnection impacts, and consumer benefits with real Pennsylvania data.
- Finally, preserve investment certainty. ***Customer-generation is private infrastructure investment for the public's benefit.*** The investor, not the ratepayer, bears much of the upfront development and performance risk. Pennsylvania will obtain more of that investment when the rules are clear enough for lenders and developers to model cash flow, interconnection cost, and operating risk. Uncertainty raises the cost of capital and causes projects to be delayed or cancelled. In a constrained electric market, cancelled generation projects ultimately become someone else's supply obligation.

II. Pennsylvania's Electric Price Problem Begins With Supply and Demand

Electric bills are composed of multiple elements, and no single policy can control all of them. Generation costs, capacity costs, transmission charges, distribution investment, fuel prices, taxes, and other regulated charges all affect what customers ultimately pay. But the hearing title correctly identifies the foundational issue: supply and demand. When demand grows faster than reliable supply, scarcity becomes more expensive. When new generation cannot be brought online quickly enough, the system becomes more dependent on existing resources, transmission expansion, and higher-cost procurement during constrained conditions.

The scale of the demand challenge is no longer speculative. As detailed in Exhibit A-2, PJM's 2026 Load Forecast projects summer peak load across the PJM region to reach approximately 222,106 MW by 2036, an increase of 65,733 MW over ten years and an average annual growth rate of approximately 3.6 percent. Winter peak demand is projected to rise at a comparable pace. The North American Electric Reliability Corporation (NERC) has separately identified the PJM region as a high-risk reliability area during the 2026–2030 planning horizon, citing accelerating load growth, large-load interconnections, generation retirements, and insufficient firm resource additions. NERC further reported that bulk-power summer peak demand growth was forecast to be approximately 70 percent higher than in the prior year's assessment. See Exhibit A-2 at 8–10, 19.

The drivers of that growth are precisely the types of investments Pennsylvania is competing to attract: data centers, artificial-intelligence infrastructure, advanced manufacturing, industrial expansion, and electrification. These are not trivial or occasional loads. Many are high-volume, high-load-factor users that require dependable power every hour of the day. If Pennsylvania succeeds in attracting those investments without adding sufficient supply, the economic benefit of new development will be accompanied by additional pressure on power prices and infrastructure. The policy objective therefore cannot be merely to attract load. It must be to attract load and expand the supply options capable of serving it.

The market has already provided a warning. Exhibit A-2 notes that the PJM capacity auction clearing price increased from $28.92 per MW-day for the 2024/2025 delivery year to $269.92 per MW-day for the 2025/2026 delivery year — an increase of more than 830 percent in a single auction cycle. Capacity prices are only one component of a customer's electric bill, and distributed generation will not by itself determine future auction outcomes. But a price movement of that magnitude demonstrates the consequences of a market in which the value of having sufficient dependable resources has increased dramatically. *See* Exhibit A-2 at 36.

PIOGA is not suggesting that distributed generation can replace utility-scale generation, nuclear power, major natural gas plants, transmission expansion, or other large system investments. It cannot. The more useful question is whether Pennsylvania should deliberately leave a potentially significant category of distributed supply on the sidelines while it waits for every centralized project to navigate multi-year development and interconnection processes. In PIOGA's view, the answer should be no. A supply challenge of this magnitude requires parallel solutions, not sequential ones.

III. Distributed Generation Attacks the Demand Problem at the Meter

Distributed generation is often discussed as though it were primarily a net-metering or rate-design issue. That framing is too narrow for the circumstances Pennsylvania now faces. At its most basic level, distributed generation changes the amount of electricity that a customer must draw from the grid. A manufacturing facility, farm, industrial site, waste-treatment facility, commercial property, or other customer that produces a portion of its own electricity presents a smaller net load to the utility system than it would without that generation. The electricity demand has not disappeared; it has been met locally. From the perspective of the regional and distribution systems, however, the amount that must be supplied from elsewhere has been reduced.

That distinction is especially important in evaluating customer-generators. Customer-generators are retail customers first. Their principal business is generally not the sale of electricity. They consume utility service, remain connected to the distribution system, pay applicable charges, and invest their own capital in generation located at or near their operations. They are fundamentally different from merchant generators that develop projects for wholesale participation in PJM markets. As prior PIOGA testimony to the state House Energy committee has explained, behind-the-meter customer-generation is generally not bid into PJM as a wholesale capacity resource. Its immediate function is to reduce load. *See* Testimony of Todd M. Pappasergi, Esq. and Ben Wallace, Pennsylvania House Energy Committee Hearing on HB 2348 (Apr. 14, 2026). When production exceeds on-site consumption, excess electricity may also flow onto the local distribution system under the applicable interconnection and net-metering framework.

That point also requires precision when discussing megawatts. PIOGA does not contend that one megawatt of customer-generator nameplate capacity automatically equals one megawatt of PJM-accredited capacity. Those are different concepts governed by different rules. But it would be equally mistaken to conclude that behind-the-meter generation has no supply-and-demand value merely because it is not accredited and auctioned as a PJM capacity resource. If a customer that otherwise would have drawn two megawatts from the system produces two megawatts on site, the grid sees two megawatts less net demand at that moment. In an increasingly constrained system, reducing the amount of power that must be generated, procured, transmitted, and delivered from elsewhere is a real operational and economic effect.

Pennsylvania already has evidence that customer-generation can scale. According to the Pennsylvania Public Utility Commission data summarized in Exhibit A-2, as of May 31, 2025, the Commonwealth had 87,980 interconnected customer-generators with approximately 1,187 MW of aggregate nameplate capacity. That figure had increased from approximately 803 MW in 2023 — an increase of roughly 384 MW in only two years. Again, that 1,187 MW figure is nameplate capacity, not a claim of PJM-accredited capacity. Its significance is that Pennsylvania already has a distributed platform measured in more than a gigawatt, built through thousands of individual private investment decisions. *See* Exhibit A-2 at 14.

Distributed resources can be added incrementally. A two-megawatt project does not solve a 60-gigawatt regional growth problem by itself. Neither does a five-megawatt project. But a system composed of hundreds or thousands of modular projects can become material. Exhibit A-2 notes that other regions are already managing distributed resources in the hundreds or thousands of megawatts and that aggregation technologies increasingly allow multiple resources to be coordinated as virtual power plants. The value of that architecture is not that every resource behaves identically; it is that a portfolio of geographically dispersed resources can reduce demand and add local flexibility without depending on one single large project or transmission path. *See* Exhibit A-2 at 5–6, 10–12.

IV. Distributed Supply Can Help Moderate the Cost of Serving Growing Demand

The affordability case for distributed generation begins with a simple comparison. If electricity is not generated by the customer or near the customer, that electricity must be supplied in some other way. The alternative is not zero cost. It is some combination of centralized generation, capacity procurement, transmission facilities, distribution upgrades, fuel, financing, operations and maintenance, and the associated cost recovery that ultimately reaches consumers. A sound supply analysis therefore must compare the cost and value of distributed generation against the cost of the resources and infrastructure that would otherwise be required to serve the same load.

The U.S. Department of Energy analysis summarized in the white paper identifies a number of system benefits associated with distributed generation: reduction in peak demand, improved reliability, emergency and on-site supply capability, deferred investment in generation, transmission, and distribution facilities, reduced transmission and distribution losses, power-quality improvements, and potential ancillary-service capabilities. The precise value of those benefits is location-specific and technology-specific. PIOGA is not asking anyone to assign an arbitrary statewide dollar value to every distributed kilowatt-hour. The point is that those benefits exist and should be part of the accounting when policymakers evaluate whether distributed energy increases or reduces system costs. *See* Exhibit A-2 at 16–18.

Location matters because electricity must be moved. Generation produced near the point of consumption can avoid some of the losses and congestion associated with moving power over long distances. It can reduce loading on particular feeders, substations, and transmission interfaces. In the right location, it can defer infrastructure that otherwise would have to be financed and recovered from customers. An MIT analysis found that distributed resources located near load can reduce reliance on distant generation, mitigate congestion and losses, and affect locational prices and system operations, particularly in constrained areas. Similarly, the American Society of Civil Engineers' characterizes distributed energy resources as a key component of grid reliability and flexibility. *See* Exhibit A-2 at 18–22.

Other states' studies provide useful illustrations of the potential scale of those effects, although they should not be mechanically transferred to Pennsylvania or from one technology to another. The white paper discusses analyses in Virginia, New York, and Texas that identified hundreds of millions or more than a billion dollars in potential system savings associated with increased distributed-resource deployment. It also discusses Pennsylvania-specific modeling by The Brattle Group concerning commercial rooftop solar, which projected approximately $1.8 billion in cumulative net savings for Pennsylvania ratepayers from deployment of 2 GW of commercial rooftop solar by 2031. That is a solar-specific study, not a valuation of conventional natural-gas distributed generation. Its relevance here is methodological: when system effects such as wholesale production costs, capacity, transmission, and distribution are included, distributed generation can create consumer value that is invisible if the analysis looks only at the payment made to the generator. *See* Exhibit A-2 at 18–19, 34–35.

This is particularly important in a hearing about future price spikes. Policymakers should be cautious about any analysis that treats reduced utility sales or customer self-generation as a cost in isolation while assuming that the replacement supply and infrastructure are free. Indeed, and as we are seeing over the past two years, if customer-generation projects are discouraged, each individual cancellation aggregates into lost centralized supply and delivery infrastructure. The ultimate affordability question is therefore not whether distributed generation has a cost. It is whether Pennsylvania can meet its growing demand at lower total system cost by using a diversified mix that includes privately financed distributed resources.

Customer-generators also commonly pay for the facilities needed to connect their projects safely, including customer-funded interconnection studies, transformer upgrades, relay protection, feeder modifications, and other distribution-system improvements required by utilities as conditions of interconnection. Those investments can become permanent utility assets even though the upfront cost was borne by the customer-generator. This does not mean every interconnection benefits every ratepayer or that every project avoids a future utility investment. It does mean the customer-generator model places meaningful infrastructure cost and development risk on private investors rather than automatically socializing all of that cost through utility rates. *See* Exhibit A-2 at 20, 31–35.

V. Conventional Natural Gas Can Provide a Distinct Form of Distributed Energy Value

As mentioned at the outset of this testimony, PIOGA's particular interest in this discussion is the role of conventional natural gas. Pennsylvania's distributed-energy strategy should be technology neutral because different resources provide different operational characteristics. Solar and wind can provide low-fuel-cost energy. Storage can shift energy in time and provide fast response. Natural-gas distributed generation can provide firm, weather-independent output. Combined heat and power can capture thermal energy that would otherwise be wasted and use it for heating, cooling, or industrial processes. A resilient system benefits from having access to multiple resource types rather than forcing every project into a single technological model.

Conventional natural gas is especially relevant because Pennsylvania already possesses the underlying energy assets. The Commonwealth has a large population of low-producing conventional wells, commonly referred to as marginal or stripper wells. Individually, those wells may produce modest volumes and may operate on thin margins. Collectively, however, they constitute a geographically dispersed fuel resource. Distributed generation can create a new productive use for that gas by converting molecules into electrons near the well, near a customer load, or within an aggregated local project.

That conversion can be valuable where traditional gas economics are constrained by gathering costs, pipeline access, compression requirements, or low commodity prices. Instead of moving every unit of gas through a pipeline to a distant market, an operator may have the option to move part of the resource through wires as electricity. In other words, we're turning molecules into electrons. The white paper describes this as a vertically aligned model in which fuel production and electricity generation occur within a coordinated system. Where properly sited, the result can be more efficient use of existing assets, reduced exposure to midstream constraints, and an additional revenue stream that supports continued operation. *See* Exhibit A-2 at 6–8, 16–22.

The operational profile of conventional-gas generation is also important to the supply-and-demand question. A properly designed reciprocating-engine, microturbine, or combined-heat-and-power system can operate at high capacity factors and is not dependent on sunshine or wind conditions. It can be dispatched or adjusted based on operational needs. That makes conventional natural gas a logical complement to variable distributed resources. Pennsylvania should not force a false choice between natural gas and other distributed technologies. A portfolio in which firm gas generation, solar, storage, demand flexibility, and other resources are right-sized and right-sited can provide more useful grid support than any one technology standing alone.

The resource-management benefits are additional, although they are secondary to the supply-and-demand focus of today's hearing. As the March 2 testimony explains, creating a productive electricity use for gas from mature wells may extend the economic life of assets that could otherwise be shut in or abandoned. Continued productive operation can maintain active stewardship and, in some circumstances, delay plugging and abandonment costs, thereby reducing environmental and public-policy risks associated with orphaned and abandoned wells while simultaneously increasing the value of maintaining economic pathways that support responsible management of existing infrastructure. *See* Exhibit A-2 at 7, 16–18.

VI. Pennsylvania Has Real Projects That Illustrate the Opportunity

This is not a theoretical discussion. PIOGA members and affiliated companies have already invested in or evaluated projects that demonstrate what distributed natural-gas generation can look like in practice.

In Westmoreland County, an operator with decades of investment in conventional natural gas developed a combined-heat-and-power project capable of producing approximately 2.5 MW of electricity while also capturing thermal energy for on-site use. The underlying field includes mature, low-producing wells. Rather than treating those wells solely as declining gas assets, the project creates a second pathway for their energy value by converting the gas into electricity. As described in PIOGA's April testimony to the House Energy Committee, project development and equipment costs exceeded $2.5 million, and the utility required an additional approximately $500,000 to $750,000 in distribution-system upgrades as part of the interconnection process. Those are private dollars committed not only to generation equipment but also to the utility infrastructure necessary to connect the project safely.

PIOGA member Penneco provides another example. Penneco Oil Company operates more than 950 oil and gas wells in the Pittsburgh region, including a significant field of more than 200 wells in northwestern Allegheny County. Nearby, its affiliated company, Penneco Environmental Solutions, operates a major Marcellus-shale waste disposal facility with substantial electric and thermal needs. The combination of on-site or nearby natural gas supply, continuous facility load, and usable thermal demand creates the core ingredients for combined heat and power.

Penneco has evaluated a distributed-generation project in the range of approximately 2 to 3 MW and has been prepared to invest more than $5 million in private capital. Such a project could reduce the facility's net draw from the local grid, improve operational efficiency through heat recovery, create a productive use for long-life low-production wells, and potentially provide local electric supply when generation exceeds on-site needs. The project is precisely the type of modular supply option Pennsylvania should want available as the Commonwealth searches for ways to serve new load without requiring every increment of demand to be met by distant generation and new transmission.

The significance of these examples is not that either project alone changes PJM's regional resource balance. Their significance is replicability. Pennsylvania has many conventional fields, industrial facilities, farms, processing sites, municipal facilities, and other locations where some combination of local fuel, electric load, thermal load, and available interconnection capacity may exist. Not every site will work. Not every project will be economic. But Pennsylvania does not need every site to work for the aggregate opportunity to become meaningful. The customer-generator model allows private investors to identify the sites where the economics and engineering are strongest and place their own capital at risk.

VII. The AEPS Framework Is an Existing Platform for Private Distributed Supply

Pennsylvania does not need to invent a completely new legal category to recognize customer-generation. The Alternative Energy Portfolio Standards Act as it currently exists already created a framework in which qualifying customers may invest in alternative energy systems, interconnect with electric distribution companies, serve their own load, and receive fair compensation for excess electricity under the Commonwealth's net-metering structure. The AEPS framework is important to PIOGA not because conventional natural gas producers are seeking to become merchant utilities, but because the law provides a pathway for retail customers to invest in distributed generation and optimize existing energy resources.

The foundational policy principle should remain technology neutrality within the resources that qualify under Pennsylvania law. The electric system does not need only one kind of megawatt. It needs energy, dependable capacity, flexibility, resilience, local support, and resources that can be deployed on different timelines. Dispatchable natural-gas distributed generation can provide operational characteristics that differ from solar. Solar can provide attributes that differ from gas. Storage can add capabilities that neither resource provides alone. Policy should permit those resources to compete and combine where they make economic and technical sense.

PIOGA recognizes that the General Assembly is considering broader changes to Pennsylvania's net-metering and AEPS policies, including the currently pending Senate Bill 1019 and House Bill 2348. Today's testimony is not intended to litigate the specific provisions of those pieces of legislation. The supply-and-demand lesson is narrower: any reform should be evaluated for its effect on the Commonwealth's ability to add privately financed distributed supply. The economic viability point, however, cannot be lost in the shuffle: if a change makes otherwise viable projects uneconomic, the lost megawatts do not vanish from the demand forecast. The system must replace them with supply or demand reduction somewhere else.

That is why predictability matters. Distributed natural-gas projects are capital-intensive. They involve generation equipment, engineering, emissions compliance, site work, interconnection costs, financing, operations and maintenance, fuel cost, and long-term mechanical risk. The white paper models a 2.5 MW natural-gas distributed-generation project and demonstrates how total revenue requirements vary with fuel cost and generator efficiency. Under the modeled assumptions, all-in project costs can rise materially as natural gas prices increase, while lower compensation compresses the margin available for maintenance, compliance, capital recovery, and risk. *See* Exhibit A-2 at 22–30. The policy point is not that every project must receive one predetermined rate forever. It is that compensation and interconnection rules must be sufficiently transparent, predictable, and viable for investors to determine whether a project can be financed before millions of dollars are committed.

There is room for a balanced discussion about rate design, consumer protection, and how specific system costs should be allocated. The executive summary even identifies a potential consumer-protection adjustment as one way to address defined public-interest costs while preserving the investment signal for distributed supply. PIOGA's broader point is that reform should solve demonstrated problems without eliminating a resource class that can help address Pennsylvania's larger supply problem. The worst outcome would be to reduce distributed investment today and discover several years from now that the Commonwealth needs precisely the local, dispatchable supply it discouraged.

VIII. Conclusion: Pennsylvania Should Use Every Sensible Path to Add Supply and Reduce Net Grid Demand

Pennsylvania's supply-and-demand challenge is not a choice between centralized generation and distributed generation. The Commonwealth will need both. It will need large power plants, transmission investment, distribution modernization, demand flexibility, storage, and customer-sited generation. The scale and speed of expected load growth make an all-of-the-above architecture a necessity rather than a slogan.

Distributed generation offers a particularly useful tool because it can attack the problem from both sides of the equation. When a customer generates electricity on site, net demand on the grid falls. When that customer produces more than it consumes and is able to export, local supply increases. When the resource is dispatchable natural gas, that production can be available at high capacity factors and without dependence on weather. When the project uses combined heat and power, more of the underlying fuel value can be captured. When the project uses existing conventional wells, Pennsylvania can turn an existing in-state energy resource into electricity without first building an entirely new fuel-supply system.

There is also a financing advantage. Customer-generators deploy private capital, assume project risk, and frequently pay utility-directed interconnection costs. That does not make distributed generation free, and it does not mean every project benefits the system. It does mean Pennsylvania has a mechanism for adding supply and reducing net load without placing the entire development burden on utilities and ratepayers. At a time when transmission and generation costs are rising, that private investment should be measured carefully before it is discouraged.

The most important lesson is therefore not a specific rate or a specific technology. It is that Pennsylvania's electric system is changing faster than the policy framework built around it. Demand is becoming larger, more concentrated, and more continuous. Traditional infrastructure remains necessary, but its development timelines are long. Distributed energy resources provide a complementary path that can be modular, local, privately financed, and, in the case of conventional natural gas, firm and dispatchable.

Pennsylvania already has the molecules. It has proven generation technology. It has experienced operators. It has industrial and rural sites where local energy resources and local electric demand can be paired. And it has an existing AEPS framework that can support customer investment. The policy task is to ensure that those assets can become electrons where they provide economic and grid value, rather than forcing every new increment of demand to wait for the same centralized infrastructure pathway.

If the objective of this hearing is to prevent future price spikes, the Commonwealth should focus relentlessly on increasing economically viable supply, reducing unnecessary net demand on the grid, accelerating resources that can be deployed in time to matter, and comparing the full cost of competing alternatives. Distributed generation, including distributed generation fueled by Pennsylvania conventional natural gas, belongs in that strategy.

On behalf of PIOGA and its members, thank you for the opportunity to submit this testimony. PIOGA looks forward to working with Chairman Argall, Chairman Yaw, the members of both Committees, and the General Assembly on policies that improve electric affordability, reliability, and supply while putting Pennsylvania's existing energy assets and private capital to productive use.

Attachments:

- Exhibit A-1 — Powering Pennsylvania: Why Customer-Generation Matters Now, Executive Summary (June 2026)
- Exhibit A-2 — Powering Pennsylvania: Why Customer-Generation Matters Now — Natural Gas, Distributed Energy, and a Balanced Path for the Commonwealth (June 2026)