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Good afternoon, Chairman Argall and members of the Senate Majority Policy Committee. Thank you for the opportunity to testify on behalf of PPL Electric Utilities about an urgent challenge: ensuring customers have enough reliable electric generation at a reasonable cost.

My name is Shelby Linton-Keddie, Senior Director of Public and External Affairs for PPL Electric Utilities (PPL Electric). We deliver electricity to 1.5 million customers in 29 counties across central and eastern Pennsylvania.

The central point I want to leave with the Committee today is straightforward: **Pennsylvania needs more generation, and we need policies now that increase the likelihood that new generation is financed, constructed and operational when customers need it.**

Customers Are Paying More Without the Reliability Benefit They Should Expect

For the second consecutive time, PJM's Base Residual Auction did not procure enough capacity to meet its target reserve margin. The latest auction cleared at the federally approved price cap and cleared approximately 6,800 megawatts short of PJM's reliability requirement. Customers are paying historically high capacity prices but are not receiving commensurate improvements in reliable electricity supply.

Over the past five years, generation supply rates for PPL Electric non-shopping customers have more than doubled (from $46 in 2020 to $96 in 2025). The average PPL Electric residential customer already pays roughly $22 more each month solely because of capacity-price increases since July of 2024. While customers are free to shop for a different rate, competitive retail offers are also reflecting the result of higher capacity auction clearing prices.

PPL Electric does not profit from or control these generation charges; those costs are passed through to customers without markup and influenced by market forces. However, customers experience the total bill and understandably expect policymakers, regulators, PJM, generators and utilities to act in their best interest to keep reliability intact and rates reasonable.

The Warning Has Been Clear Since 2023

Since 2023, PJM has warned that existing generation is retiring faster than replacement resources are being built while demand from economic development, electrification, advanced manufacturing, and large loads such as data centers continues to rise.

While data centers did not create this challenge, they are now intensifying a growing gap between generation supply and demand. Wherever they locate within PJM, they draw from the same regional markets and affect the same supply-and-demand balance as other load.

Pennsylvania should welcome responsible economic development. But new demand for power must be paired with new, additive supply, and existing residential and business customers should not be left to bear unreasonable cost or reliability risk created by large-load growth. PPL Electric created a large load tariff and separate rate class to ensure that transmission costs to serve large customers are borne by those customers. Further, the Company's corporate parent created a joint venture specifically to serve data centers with new, Pennsylvania-located generation and is advancing those efforts. But PPL's efforts alone will not be enough to turn these challenges into economic opportunities for Pennsylvania and drive affordability for customers.

The Market Alone Is Not Delivering Fast Enough

Competitive markets remain important, but the current market response is not occurring at the scale or speed Pennsylvania needs. Some will point to Pennsylvania's current status as a net electricity exporter, the latest auction's approximately 14.7 percent reserve margin, and announced new generation projects as proof that the system is sound, the market is not broken, and there is "nothing to see here." Here's the stark reality: PJM's 2028/2029 capacity auction cleared more than 6,000 MW short of its reliability requirement.[1] This illustrates that the region may lack sufficient supply to meet expected demand and operating risks when the system is most stressed (ex. during extreme weather events).

PJM projects roughly 70 gigawatts of additional demand by 2036 while approximately 15 gigawatts of generation is expected to retire. Higher prices in response to these projections may send an economic signal to the market that new generation is needed, but that signal alone is not enough to ensure new dispatchable generation is built. Announcements of projects clearing the interconnection queue and the number of MWs under construction, while positive indicators, does not, by itself, ensure the needed amount of generation will be built. Instead, it is more likely that all of these projects will not achieve commercial operation. Projects that have cleared PJM's interconnection queue process still face financing, permitting, equipment, siting and

[1] PJM Interconnection, 2028/2029 Base Residual Auction results, July 14, 2026.

construction risks and these are not insignificant challenges to overcome. Today, common estimates are that it takes 5-7 years in a best-case scenario, to bring a new dispatchable generation project to fruition. More must be done to facilitate dependable generation coming online in the Commonwealth, so it is available when customers need it. At this point, PPL Electric is not the only entity concerned that we are on the brink of an energy crisis.

This concern is broadly recognized. At the July 23, 2026, Federal Energy Regulatory Commission (FERC) technical conference on PJM governance, FERC Chairman Laura Swett described the PJM market as facing a "grave legitimacy crisis." PJM President and CEO David Mills, U.S. Deputy Secretary of Energy James Danly and National Energy Dominance Council representative Peter Lake likewise acknowledged the need for significant reforms addressing reliability, affordability and timely infrastructure build out.[2] PJM's Board then directed further action, while the U.S. Department of Energy concluded that under current assumptions, "the status quo is unsustainable" and planned supply is insufficient.[3]

The Commonwealth's settlement with PJM capping capacity auction clearing prices that was approved and extended by FERC has protected customers from higher near-term bills but hasn't solved the underlying problem. PJM estimates that, without the price collar, the most recent Base Residual Auction would have cleared near $554.72/MW-day instead of the 325/MW-day clearing price.[4] The price collar is a short-term affordability bridge, but it doesn't change the fact that few new resources are coming online and that, as a result, customers are paying more for existing generation and receiving chronically high electric bills without any additional reliability benefits. Market price caps cannot replace durable market reforms necessary to incentivize investment to restore resource adequacy and mitigate market volatility

Pennsylvania cannot wait for a regional capacity emergency that results in manual load shed before taking action. It must enact targeted backstops now that complement—not dismantle—the competitive market if we have any hope of ensuring reliability and resource adequacy at reasonable cost to customers over the long term.

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[2] Federal Energy Regulatory Commission technical conference on PJM governance and stakeholder reforms, July 23, 2026.

[3] *See* PJM Board direction on resource adequacy, affordability and large loads, July 27, 2026; *see also U*.S. Department of Energy, Reliability analysis, 2026.

[4] PJM Interconnection, 2028/2029 Base Residual Auction Report, July 14, 2026, Appendix: BRA Clearing Simulation Without Cap and Floor

Senate Bill 897 Provides a Needed Backstop

PPL Electric strongly supports Senate Bill 897. Simply put, any party who is willing and can build new generation should be allowed to do so.

SB 897 would allow electric distribution companies to enter long-term resource-adequacy agreements that provide the revenue certainty needed to finance new resources. It also would permit a regulated backstop for utility generation investment when necessary and subject to Pennsylvania Public Utility Commission oversight.

This is not a return to the former vertically integrated model or an effort to regulate existing merchant generation. It is a practical backstop: if the market builds enough generation, it is not needed; if the market does not, Pennsylvania should not be powerless to protect its customers.

Any utility-supported investment should include Commission oversight, transparent cost controls and a requirement that net market revenues flow back to customers.

Large Loads Should Bring New Supply With Them

Given the sizeable supply deficit, SB 897 alone is unlikely to solve the issues that have been created by the market's inaction. PPL Electric supports the Reliability Backstop Proposal's (RBP) intent to match new large load customers with new and incremental generation, often referred to as bring-your-own-new-generation, or BYONG.

Large-load customers should be contracting for new generation, signing long-term power purchase agreements for additive supply or taking service under a dedicated utility tariff supported by new generation. PJM filed with FERC a RBP proposal on July 31 and a large-load curtailment proposal on August 7. State-level implementation must quickly follow a FERC decision to ensure:

- New demand to be matched with new, incremental supply.
- A meaningful long-term commitment from the large-load customer.
- Protection of existing customers from shifted costs and risks.
- Commission oversight and resources delivered where and when needed.

A well-designed BYONG structure can preserve economic-development opportunities, protect households and small businesses, and provide the certainty needed to finance generation.

Pennsylvania Must Act Now

No single policy will solve this challenge. Pennsylvania needs faster permitting and siting, transmission investment, accurate load forecasting, retention of needed generation, development of reliable resources, SB 897 and responsible BYONG options, including implementation of the PJM RBP as ultimately approved by FERC.

The status quo is not sustainable and the RBP is designed as a one-time fix, not an ongoing policy.

Customers are paying more. Reserve requirements are not being met. PJM has warned about this trajectory for more than three years, and generation takes years to build.

Pennsylvania must take greater responsibility for its energy future and adopt practical tools now that add generation, protect existing customers and preserve the Commonwealth's ability to grow.

I respectfully urge the Senate to advance SB 897 and to continue developing complementary policies—including BYONG structures for large loads—that pair new demand with new supply.

Thank you for the opportunity to testify. I look forward to your questions.