

**GENERATION SUPPLY CHARGE-2**

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The Generation Supply Charge-2 (GSC-2) shall be charged to customers in the Large Commercial & Industrial Customer Class who take Basic Utility Supply Service ("BUSS") from the Company under Rate Schedules GS-3, LP-4, LP-5, LPEP, and standby service for the foregoing rate schedules. The GSC-2 will not apply to those Rate Schedule LP-4 customers who have a peak demand of less than 100 kW, but the GSC-2 will apply to those Rate Schedule GS-3 customers who have a peak demand of 100 kW or greater. This peak demand will be based on the customer's ICAP peak load contribution assigned for the 2020-2021 PJM Planning Year. The GSC-2 shall have one rate option provision: Hourly Default Service Option. **(C)**

**PURPOSE**

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

**PRICING PROVISIONS**

All of the following charges apply to this rate option.

- **GSC-2 Energy Charge per KWH:** The product of actual real-time Locational Marginal Prices at the PPL Residual Aggregate Node as reported by PJM Interconnection, LLC. (PJM) for each hour of the billing month expressed in cents per KWH times the customer's actual energy use, adjusted for losses, during each hour of the billing month.
- **GSC-2 Capacity Charge:** The product of the PJM Reliability Pricing Model ("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, times 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 times 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 Alternative Energy Credits. 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, 2017 (as determined by amortizing such costs ratably over the 48-month period June 1, 2017 through May 31, 2021). In addition, the initial computation period will include any remaining over or undercollection balance as of March 31, 2020 related to application of the GSC-2 for the Large Commercial and Industrial Customer Class. **(C)**

(Continued)

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

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The following rate components of the GSC-2 shall be filed with the Pennsylvania Public Utility Commission (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 BUSS 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 BUSS 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.

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The Pennsylvania gross receipts tax 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.