PSE&G Clean Energy Future – Energy Efficiency Overview

VERTICAL RESEARCH ENERGY EFFICIENCY DAY
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DAVID DALY
PRESIDENT
PUBLIC SERVICE ELECTRIC & GAS

PSE&G

PSEG Sustainability & ESG Summary

Leadership

- **Clean Energy Future PSE&G positioned to make significant investments to decarbonize the New Jersey economy**
  - ✓$1B CEF-Energy Efficiency program
  - ✓$0.7B* in smart meters (AMI) and $0.2B in EV charging infrastructure
- **PSEG announced commitment to reduce GHG emissions from PSEG Power's fleet by 80% from 2005 levels by 2046**
  - ✓PSEG announced a strategic review of PSEG Power's non-nuclear generation assets
  - ✓PSE&G on track to achieve 2023 methane reduction goal of ~22% from 2018 levels
  - ✓PSEG Power is already at half the CO_2 intensity of PJM/U.S. averages
  - ✓PSEG Power is coal-free by mid-2021
- **PSEG to acquire 25% interest in Ocean Wind, NJ's first Offshore Wind farm**
- 2020 Climate Report follows the TCFD framework and our 2019 Sustainability Report is SASB compliant
- PSEG Power 2019 vision for **Net-Zero emissions by 2050**
- Invested ~$1.9B in Solar Energy projects

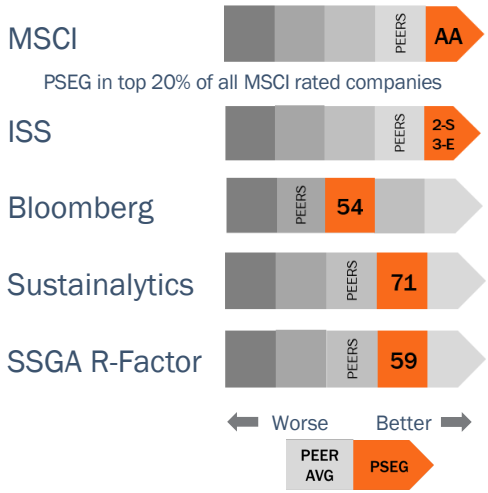
Policies & Goals

- PSEG is a vocal advocate for an economy-wide price on carbon emissions and preserving nuclear power plants for their zero carbon attributes
- Diversity, Equity & Inclusion Commitment
- Human Rights Policy (2018)
- PSEG's long-term ESG goals and business strategy are aligned with many of the U.N.'s Sustainable Development Goals intended to stimulate action to set the world on a sustainable path by 2030



Recognition & Scores

- Named **Member** to **S&P Sustainability Yearbook 2021**
- Named to the **Dow Jones Sustainability Index** North America 13 years in a row
- Named to the **2021 America's Most Responsible Companies by Newsweek**
- Named to the Forbes **Lists of of Best Employers for Diversity 2020** and **Best Employers for Veterans 2020**
- **PSEG ESG Vital Signs: Relative Scores****

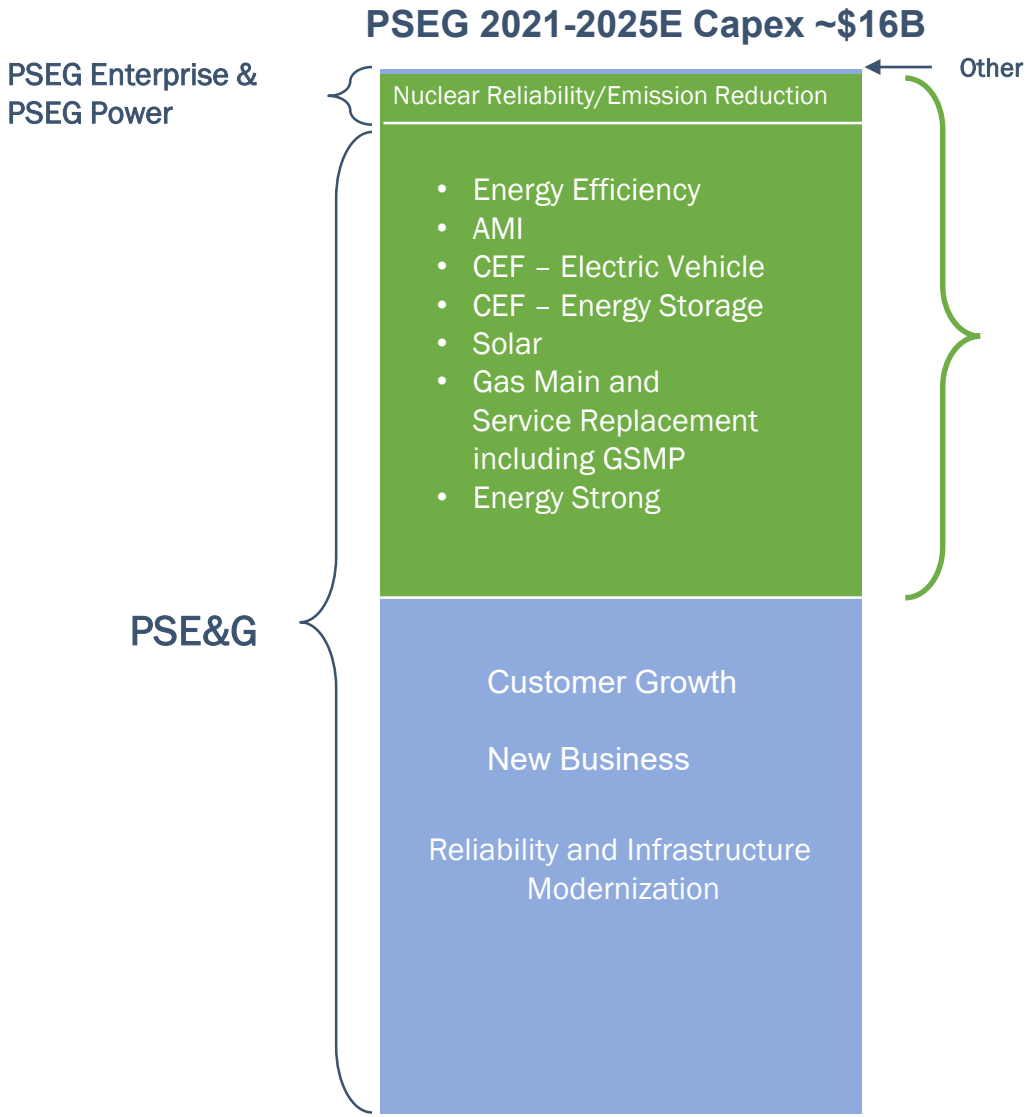


*CEF-EC/AMI APPROVED PROGRAM IS $707M, OF WHICH ~$600M IS INCREMENTAL CAPEX OVER ANNUAL METER SPEND OF ~$30M.
**SCORES FROM BEST TO WORST: MSCI – AAA TO CCC, ISS - 1 TO 5, OTHERS - 100% TO 0%
ESG=ENVIRONMENTAL, SOCIAL, GOVERNANCE; CEF=CLEAN ENERGY FUTURE; AMI=AUTOMATED METERING INFRASTRUCTURE; EV=ELECTRIC VEHICLE; GHG=GREENHOUSE GAS; TCFD=TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES; SASB=SUSTAINABILITY ACCOUNTING STANDARDS BOARD
NOTE: PSEG ESG SCORES AS OF DECEMBER 31, 2020.

PSE&G deploys capital consistent with its longstanding commitment to sustainability and environmental stewardship



PSEG's investments are aligned with New Jersey's clean energy goals and stronger reliability to meet customers' increasing expectations



50%

addresses
De-carbonization
Emission Reduction
Methane Reduction
Clean Energy Transition
Climate/Storm Adaptation

Offshore wind investments are incremental to PSEG's 5-YR, $16B (high end) Capital Spending range

Today, PSE&G is Powering Progress with its Clean Energy Future programs



PSE&G Clean Energy Future Program Overview

Energy Efficiency (EE)	Energy Cloud (EC) "AMI"	Electric Vehicles (EV)	Energy Storage (ES)
$1B Commitment 3 years *Approved Sept 2020*	$707M* Investment 4 years *Approved Jan 2021*	$166M Investment ~6 years *Approved Jan 2021*	$109M Investment *Filed amount, outcome pending*
			
Programs for Residential and C&I Customers including low-income, multi-family, small business and local government	"Smart meters," new software and product solutions to improve PSE&G processes and better manage the electric grid *~$600M is incremental investment as we spend ~$30M/year on meters	Residential Smart Charging, Level 2 Mixed-Use Charging, and Public DC Fast Charging *Medium- and heavy-duty vehicle investments pending*	Solar Smoothing, Distribution Deferral, Outage Management, Microgrids, Peak Reduction for Municipal Facilities

C & I = COMMERCIAL & INDUSTRIAL CUSTOMERS; DC = DIRECT CURRENT.

Landmark $1 Billion CEF-Energy Efficiency program opens new opportunities for customers and PSE&G

- NJBPU approved CEF-EE settlement to commit $1B in energy efficiency investments over the next 3 years through a suite of 10 utility-led programs
- Increases annual investment spend on new and existing EE by 10X to ~$350M/year
- CEF-EE investment began Q4 2020; 2021 ramp up year of ~$125M
- A typical residential customer* can save $17 (9%) per month in 2025E by participating in programs with smart thermostat, smart power strip, 5 LED light bulbs, efficient HVAC equipment and home energy reports; non-participating customer bill increase is $1 (<1%) per month
- Lost revenue recovery through Conservation Incentive Program (CIP) starting June/October 2021 (electric/gas) aligns incentives for utility, customer and state policy goals; first NJ electric utility approved for the CIP recovery mechanism
- Creates 3,200 direct and 1,100 indirect clean energy jobs
- Energy savings targets measured over 5 years; No incentives or penalties during first 3 years
- Improves New Jersey into a national leader in EE

Clean Energy Future - EE	Investment	ROE	Amortization	Lost Revenue Recovery**
Approved	$1B	9.6%	10 Year	CIP

E=ESTIMATE. *SAMPLE OF A TYPICAL COMBINED CUSTOMER. **CIP ADJUSTS REVENUES FOR CHANGES IN USAGE FROM PSE&G'S LAST (2018) DISTRIBUTION BASE RATE CASE TO ACCOUNT FOR CHANGES IN LOST REVENUES DUE TO EE, SOLAR NET METERING, WEATHER, ECONOMIC FACTORS ETC. NJBPU = NEW JERSEY BOARD OF PUBLIC UTILITIES.

PSE&G's Energy Efficiency Offerings:
A Suite of Ten Residential, Commercial & Industrial Programs

	Program	Description
Residential Programs*	Efficient Products	Rebates and on-bill repayment for HVAC, smart thermostats, appliances, lighting, and other equipment
	Existing Homes	Rebates and on-bill repayment for energy audit, direct install of efficient equipment, and broader weatherization / appliance replacement services
	Behavioral	Data analytics, home energy reports and online energy audits
	Multi-Family	Energy audit and direct install of efficient equipment at no charge to tenants
	Income Eligible	Energy audit, direct install of efficient equipment, and broader weatherization / appliance replacement services at no charge for income-eligible customers and properties located within low and moderate-income census tracts
Commercial & Industrial	Prescriptive	Rebates and on-bill repayment for HVAC, lighting, motors and drives, refrigeration, water heaters, air compressors, and food service equipment
	Custom	Custom incentives for large energy efficiency projects, including on-bill repayment
	Small Non-Res Efficiency	Rebates and on-bill repayment for direct-installed EE measures to small non-residential customers of lighting, controls, refrigeration, heating and air conditioning updates, etc.
	Energy Management	Retro-commissioning and strategic energy management: optimizing existing systems with little to no equipment upgrades
	Engineered Solutions	Whole-building engineered energy saving solutions to hospitals, school districts, universities, municipalities, apartment buildings, other non-profit / public entities

*PSE&G ALSO PARTICIPATES IN COMFORT PARTNERS, A CO-MANAGED PROGRAM BETWEEN PUBLIC UTILITIES AND THE NJBPU, AT ~$25M/YEAR.

PSE&G will expand bill savings opportunities for all customers as we 10X our EE spend by 2023

Total Energy Efficiency savings since 2009:

- Customer bill savings: $351M
- Electricity savings to power ~45,000 homes for 1 year
- Gas savings to serve ~9,600 homes for 1 year



CEF-EE is a WIN for Customers, the Environment, the New Jersey Economy and Shareholders

Thank You