



PSEG

Green Bond Impact Report

February 2025



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Our Path to a Sustainable Future



About PSEG

Public Service Enterprise Group Incorporated (PSEG) is an energy company consisting primarily of a regulated utility (PSE&G) and a merchant nuclear generation business. Established in 1903, the company has long had a key role in fueling New Jersey's economy and supporting the state's quality of life. With more than 12,500 employees, we are proud to continue a tradition of dedicated service that has continued for more than 100 years.

Public Service Electric and Gas Co. (PSE&G) is New Jersey's largest provider of electric and natural gas service – serving 2.4 million electric customers and 1.9 million gas customers. PSEG Power LLC operates the Hope Creek and Salem nuclear generating plants in South Jersey through PSEG Nuclear LLC. These plants provide 85% of New Jersey's carbon-free energy. PSEG Nuclear is also a part owner of the Peach Bottom Nuclear generation station in Delta, PA. PSEG Long Island operates the electric transmission and distribution system of the Long Island Power Authority through an Operations Services Agreement. PSEG Long Island serves 1.1 million customers.

Our Approach to Sustainability

The company aims to achieve its Powering Progress vision by continuing its evolution as a clean energy infrastructure-focused company, powered by its diverse, dedicated and highly skilled workforce. Our business strategy has evolved to reflect not only how the effects of climate change might impact the company and its investors, but also how our business operations can positively impact the communities where we operate and the world where we live. In the last decade, we have strengthened our governance, proactively decarbonized our operations, and embraced new opportunities, allowing us to adapt to the increasing social and environmental needs of our business. As we progress, we will continually evaluate our sustainability goals, measure our performance, assess our impacts and adapt our strategies.

Our sustainability leadership requires strong focus and excellent management. Our Environmental Health and Safety Policy, for example, underscores these efforts and describes our approach to conducting our business in a safe, environmentally friendly and responsible manner. The PSEG Human Rights Policy, which works alongside our EH&S Policy, applies to all PSEG employees and describes our commitment to minimize any adverse effects our infrastructure or operations may have on people and communities in general.

Our Vision

- Powering a future where people use less energy, and it's cleaner, safer and delivered more reliably than ever.

Our Mission

- Be a positive force in a changing world by providing an infrastructure to access safe, affordable, reliable and cleaner energy;

- Work toward a carbon-free economy;

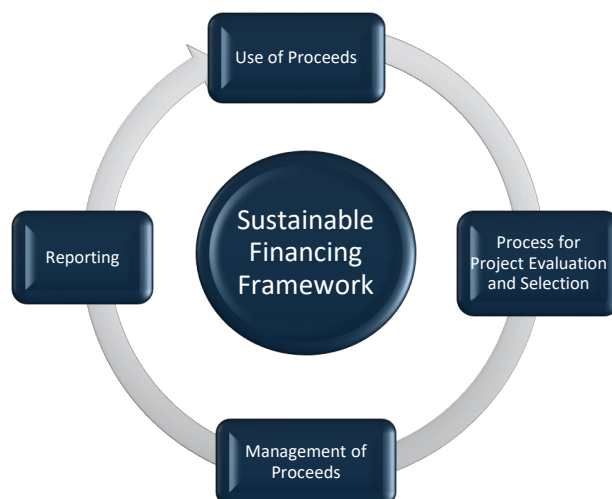
- Empower the lives of our customers, our communities, our workforce and other stakeholders;

- Embrace diversity and inclusion, and promote equitable and ethical behavior.

Sustainable Financing Framework

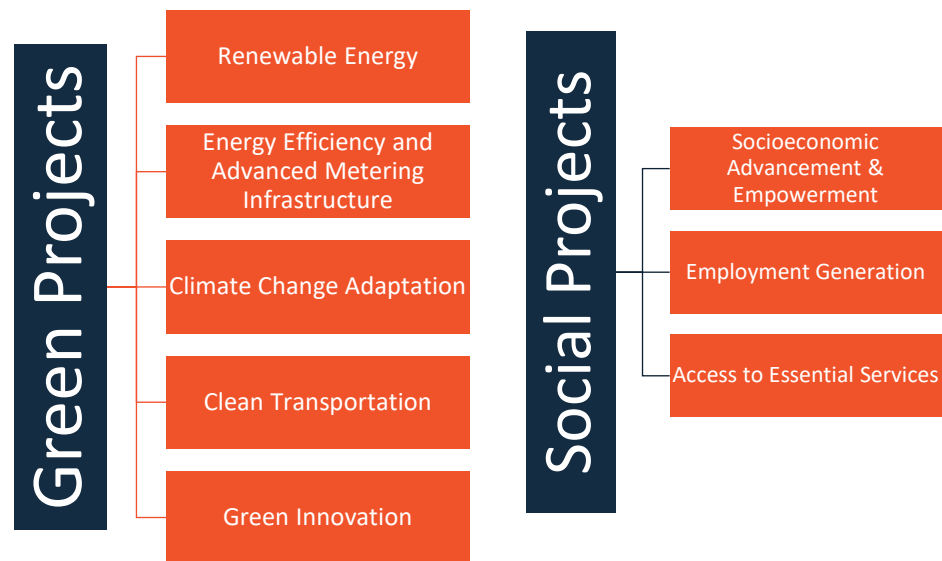
Our sustainable financing framework (the “Framework”) addresses the four core components shown below of the International Capital Markets Association - Green Bond Principles (2021) (“GBP”), Social Bond Principles (2021) (“SBP”), and Sustainability Bond Guidelines (2021) (“SBG”), and the Loan Syndications and Trading Association - Green Loan Principles (2021) (“GLP”), and their recommendations on the use of external review and impact reporting. These principles and guidelines are voluntary process guidelines for best practices when issuing Green Bonds, Social Bonds, Sustainability Bonds and/or Green Loans.

In accordance with our corporate ESG strategy, the company has designed this framework under which the company may elect to finance or refinance new and/or existing projects, in whole or in part, that have environmental and/or social benefits through Green Bonds, Social Bonds, Sustainability Bonds, Green Loans or other financial instruments.



For each Sustainable Financing under the Framework, an amount equal to, or exceeding the net proceeds, after payment of the offering expenses and the underwriting discount or other compensation payable to the banks or other financial institutions (“Net Proceeds”), will be allocated to the financing or refinancing, in whole or in part, of existing and new “Eligible Projects”, as described below. Such allocations may relate to either investments or expenditures by the Company.

Eligible Projects will include those that meet the categories below and for which the Company made disbursements within three years prior to, or expects to make disbursement through the maturity of, the applicable sustainable financing:



Net Proceeds Exclusions:

- Investments which received an allocation of Net Proceeds under any other Sustainable Financing by the Company
- Fossil fuel generation and fossil fuel energy efficiency investments
- Consumption of fossil fuels for the purpose of power generation
- Gas transmission and distribution infrastructure

An amount equal to the Net Proceeds from any Sustainable Financing under the Framework will be allocated to Eligible Projects as specified in the bond's use of proceeds and managed by PSEG's Treasury department. Actual spend on Eligible Projects will be internally tracked. Pending allocation, Net Proceeds of any Sustainable Financing will be managed according to the Company's normal treasury liquidity practices.

Issuances and Uses of Proceeds

Disbursements

On March 23, 2023, PSE&G issued \$500,000,000 4.650% Secured Medium-Term Notes, Series P, due March 15, 2033 with total net proceeds of \$496,535,000, and \$400,000,000 5.125% Secured Medium-Term Notes, Series P due March 15, 2053 with total net proceeds of \$396,764,000. Total net proceeds of \$893,299,000 proceeds from both issuances were allocated and disbursed to eligible project categories.

Total net proceeds of from these issuances were allocated retroactively for eligible project disbursements from April 1, 2022 through March 23, 2023 and for eligible project disbursements from March 23, 2023 through August 31, 2023 ("Covered Period"). Actual disbursements in excess of the total net proceeds of \$26,395,000 were allocated to eligible projects in the Covered Period bringing the total eligible project disbursements to \$919,694,000. Below is a breakdown of the use of proceeds by eligible project category.

Eligible Project Category	Attested Disbursements
Renewable Energy	\$ 3,660,000
Energy Efficiency & AMI	\$ 656,916,000
Climate Change Adaptation	\$ 259,118,000
Total	\$ 919,694,000

Impact

The proceeds from the March 2023 Green Bond were applied across various PSE&G programs under the eligible project categories of *Renewable Energy, Energy Efficiency and Advanced Metering Infrastructure and Climate Change Adaptation.*

Renewable Energy

Solar 4 All

Solar 4 All is a 158-megawatt-dc solar program that utilizes rooftops, parking lots, utility poles and landfills/brownfields for large-scale, grid-connected solar projects. All Solar 4 All installations are grid-connected to PSE&G's distribution system and the power is sold into the PJM wholesale power grid.

The table below represents the impact associated with the Green Bond proceeds for the Solar 4 All program for the Covered Period.

The impact is calculated as the MWhs generated converted into CO2 emissions using annualized PJM marginal emissions rates for the corresponding periods.

Eligible Project Category	Impact
Renewable Energy	Avoided CO2 Emissions ¹ : 10,415 mt CO2

¹ Avoided CO2 emissions are calculated using the methodology in the NJ BPU Cost Test report:

<https://www.njcleanenergy.com/files/file/BPU/2023/Market%20Analysis%20Baseline%20Studies/QO23030150-%20Tri2%20EE1%20+-%20EE2-%20Order%20Attch%20F-%20NJCT.pdf> (Page 5)

Energy Efficiency and Advanced Metering Infrastructure

Clean Energy Future – Energy Efficiency (“CEF-EE”)

The CEF-EE is an approximately \$1 billion NJBPU-approved portfolio of energy efficiency programs designed to help customers reduce their energy consumption while creating jobs and lowering emissions. A total of 10 subprograms operate under the CEF-EE umbrella with a focus on residential and commercial customers.

Energy Efficiency 2017 (“EE 2017”) / Energy Efficiency Extension II (“EEE II”)

The EE 2017 and EEE II programs are the energy efficiency programs offered by PSE&G before the current CEF-EE program. These legacy energy efficiency programs included subprograms for homes, multi-family dwellings, businesses, hospitals, and municipalities.

The energy savings from an energy efficiency project is the first-year annualized energy savings from the installed energy saving measures on projects completed by PSE&G. Savings calculations are based upon NJ approved protocols, protocols from other states in instances where NJ protocols are insufficient, modelling, and/or engineering estimates. The annual savings for all measures within a project are summed together to determine the incremental annualized savings for the project. For reporting purposes, the program aggregates all the annualized energy savings for the projects completed within a reporting period into the total incremental annual savings for that period.

The table below represents the combined impact from all the energy efficiency programs which received proceeds from the Green Bond for the Covered period.

Eligible Project Category	Impact
Energy Efficiency & Advanced Metering Infrastructure	Avoided CO2 Emissions ² 706,012 mt CO2

²Avoided CO2 emissions for electricity projects are calculated using the methodology in the NJ BPU Cost Test report:

<https://www.njcleanenergy.com/files/file/BPU/2023/Market%20Analysis%20Baseline%20Studies/QO23030150-%20Tri2%20EE1%20+-%20EE2-%20Order%20Attch%20F-%20NJCT.pdf>
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Avoided CO2 emissions for natural gas projects are calculated using EIA natural gas emission factor

Clean Energy Future – Energy Cloud (“CEF-EC”)

The CEF-EC program is the foundation for the advanced metering infrastructure (AMI) throughout the PSE&G electric territory. The program is a BPU-approved investment and has culminated in the installation of

over 2.2M smart meters with critical advances to 22 different utility business cases. Some of the benefits realized include:

- New customer visualizations and analytics (usage, prices, tips, energy-efficiency, etc) available via mobile and web portals. This data gives customers the ability to make educated decisions related to energy-efficiency and how to lower their utility bills.
- Capability that allows PSE&G to obtain voltage, load, and alert data directly from the meter to analyze customer power quality issues without the need for further instrumentation. Services and systems that use smart meter data to help assist customers with solar, EV, and energy storage installations and the management of any power quality issues that occur as a result.
- Enhanced customer safety by using smart meter data, such as alerts and voltage data, to detect safety issues.
- Remote functionality that enables operational efficiencies, resulting in cost savings and carbon reductions via reduced truck rolls.
- Improved outage detection, analysis, and restoration time estimates via the use of smart meter outage data.

Climate Change Adaptation

Energy Strong II (“ES II”)

Superstorm Sandy was a historic event for New Jersey and a critical moment in PSE&G’s journey. The storm, which was unprecedented in both its size and the storm surges that it produced, resulted in more than two million customers losing power. Our employees worked day and night for two weeks to restore service to our customers.

The aftermath of the storm was a call to action for PSE&G. While our organization has long been recognized for its reliability and operational excellence, the storm brought into focus the need to enhance the resiliency of our infrastructure. Enhancements were needed to our existing network to harden it against the physical risks of volatile weather events. Changes were also needed to better incorporate these risks into our long-term planning.

The Energy Strong program emerged from our efforts to strategically integrate the needs of network resiliency with our focus on operational reliability. Under the first phase of this program, we raised, relocated, or

protected 26 switching and substations, and improved networks circuits by adding smart grid equipment and communications technology, and more redundancies to our network topology.

Under the second phase of the program – ES II – we are continuing to raise critical electric equipment in flood prone areas, modernize aging stations, upgrade existing circuits, install stronger poles and wires to reduce wind and tree damage, and deploy more advanced communications technology to reduce outages and quicken restorations.

While the connection between these investments and the resulting impact may be less direct than the renewable energy production and energy efficiency reductions, we believe the trend in our reliability is indicative of the overall benefits of the program. Below is a graph of the 3-year rolling average of SAIDI (i.e., the total minutes of non-momentary electricity interruptions, per year, the average customer experienced).

